

1 IN THE UNITED STATES DISTRICT COURT
2 FOR THE NORTHERN DISTRICT OF OHIO
3 EASTERN DIVISION

4 IN RE: NATIONAL) MDL No. 2804
5 PRESCRIPTION OPIATE)
6 LITIGATION) Case No.
7) 1:17-MD-2804
8 THIS DOCUMENT RELATES TO) Hon. Dan A. Polster
9 ALL CASES)
10)

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12 HIGHLY CONFIDENTIAL
13 SUBJECT TO FURTHER CONFIDENTIALITY REVIEW
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VIDEOTAPED DEPOSITION OF
DOUGLAS PETERSON

December 20, 2018

Chicago, Illinois

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<p>1</p> <p>2</p> <p>3</p> <p>4 The videotaped deposition of</p> <p>5 DOUGLAS PETERSON, called by the Plaintiffs for</p> <p>6 examination, taken pursuant to the Federal Rules of</p> <p>7 Civil Procedure of the United States District</p> <p>8 Courts pertaining to the taking of depositions,</p> <p>9 taken before CORINNE T. MARUT, C.S.R. No. 84-1968,</p> <p>10 Registered Professional Reporter and a Certified</p> <p>11 Shorthand Reporter of the State of Illinois, at the</p> <p>12 offices of Bartlit Beck Herman Palenchar & Scott,</p> <p>13 Suite 600, 54 West Hubbard Street, Chicago,</p> <p>14 Illinois, on December 20, 2018, commencing at 9:01</p> <p>15 a.m.</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p>	<p>1 APPEARANCES (Continued):</p> <p>2 ON BEHALF OF CARDINAL HEALTH, INC.:</p> <p>3 WILLIAMS & CONNOLLY LLP</p> <p>725 Twelfth Street, N.W.</p> <p>4 Washington, DC 20005</p> <p>202-434-5686</p> <p>5 BY: MIRANDA PETERSEN, ESQ.</p> <p>mpetersen@wc.com</p> <p>6 (via telephone/livestream)</p> <p>7</p> <p>8 ON BEHALF OF AMERISOURCEBERGEN CORPORATION and</p> <p>9 AMERISOURCEBERGEN CORPORATION:</p> <p>10 JACKSON KELLY PLLC</p> <p>150 Clay Street, Suite 500</p> <p>11 P.O. Box 619</p> <p>Morgantown, West Virginia 26501</p> <p>304-284-4138</p> <p>12 BY: SYLVIA WINSTON NICHOLS, ESQ.</p> <p>silvia.winston@jacksonkelly.com</p> <p>13</p> <p>14 ON BEHALF OF WALMART:</p> <p>15 JONES DAY</p> <p>77 West Wacker Drive</p> <p>16 Chicago, Illinois 60601-1692</p> <p>312-782-3939</p> <p>17 BY: JASON Z. ZHOU, ESQ.</p> <p>jzhou@jonesday.com</p> <p>18</p> <p>19 ON BEHALF OF HBC COMPANY:</p> <p>20 MARCUS & SHAPIRA LLP</p> <p>One Oxford Centre, 35th Floor</p> <p>21 Pittsburgh, Pennsylvania 15219</p> <p>412-338-4383</p> <p>22 BY: ZACHARY FENSTEMAKER, ESQ.</p> <p>fenstemaker@marcus-shapira.com</p> <p>23 ELLY HELLER-TOIG, ESQ.</p> <p>ehettoig@marcus-shapira.com</p> <p>24 (via telephone/livestream)</p>
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<p style="text-align: right;">Page 10</p> <p>1 THE VIDEOGRAPHER: We are now on the record.</p> <p>2 My name is Michael Newell. I'm a videographer for</p> <p>3 Golkow Litigation Services.</p> <p>4 Today's date is December 20, 2018. The</p> <p>5 time is 9:00 a.m.</p> <p>6 This video deposition is being held in</p> <p>7 Chicago, Illinois in the matter of National</p> <p>8 Prescription Opiate Litigation.</p> <p>9 The deponent today is Douglas Peterson.</p> <p>10 Will counsel please identify themselves.</p> <p>11 MR. GADDY: Jeff Gaddy for the Plaintiff.</p> <p>12 MR. LEVINE: Mark Levine for the witness and</p> <p>13 Walgreens. With me is Sharon Desh.</p> <p>14 MR. ZHOU: Jason Zhou, Jones Day, for Walmart.</p> <p>15 MS. WINSTON: Sylvia Winston, Jackson Kelly,</p> <p>16 for AmerisourceBergen.</p> <p>17 MR. GADDY: Corinne, I think you've gotten the</p> <p>18 folks on the phone or?</p> <p>19 THE REPORTER: Counsel on the phone, would you</p> <p>20 mind announcing your appearance, please.</p> <p>21 MR. FENSTEMAKER: Zach Fenstemaker with</p> <p>22 Marcus & Shapira on behalf of HBC.</p> <p>23 MS. PETERSEN: Miranda Petersen with</p> <p>24 Williams & Connolly on behalf of Cardinal Health,</p>	<p style="text-align: right;">Page 12</p> <p>1 Q. I understand you've been with Walgreens</p> <p>2 since 1980?</p> <p>3 A. Yes, that is correct.</p> <p>4 Q. How long have you been an IT manager?</p> <p>5 A. 15 years.</p> <p>6 Q. And was that entire 15 years in</p> <p>7 logistics?</p> <p>8 A. As a manager, yes.</p> <p>9 Q. Prior to becoming an IT manager in</p> <p>10 logistics, and just make sure my math is right, so</p> <p>11 approximately 2003 you became an IT manager in</p> <p>12 logistics?</p> <p>13 A. Yes.</p> <p>14 Q. Prior to becoming an IT manager of</p> <p>15 logistics in 2003, were you still in the logistics</p> <p>16 area before that or were you doing something</p> <p>17 different in IT?</p> <p>18 A. I did both finances, financial</p> <p>19 programming, and then I moved about -- trying to</p> <p>20 remember -- I'm going to say the late 1900s to</p> <p>21 logistics.</p> <p>22 Q. 1990s?</p> <p>23 A. I -- sorry. 1990s.</p> <p>24 Q. Sure.</p>
<p style="text-align: right;">Page 11</p> <p>1 Inc.</p> <p>2 MR. HOUSTON: Zeno Houston of Arnold & Porter</p> <p>3 on behalf of Endo and Par Defendants.</p> <p>4 THE VIDEOGRAPHER: The Court Reporter today is</p> <p>5 Corinne Marut and will now swear in the witness.</p> <p>6 (WHEREUPON, the witness was duly</p> <p>7 sworn.)</p> <p>8 DOUGLAS PETERSON,</p> <p>9 called as a witness herein, having been first duly</p> <p>10 sworn, was examined and testified as follows:</p> <p>11 EXAMINATION</p> <p>12 BY MR. GADDY:</p> <p>13 Q. Good morning, Mr. Peterson.</p> <p>14 A. Good morning.</p> <p>15 Q. Could you state your name for the Court</p> <p>16 Reporter, please.</p> <p>17 A. Douglas Peterson.</p> <p>18 Q. And where do you work?</p> <p>19 A. Walgreens.</p> <p>20 Q. What's your title?</p> <p>21 A. I am an IT manager.</p> <p>22 Q. Any particular area in which you're an</p> <p>23 IT manager?</p> <p>24 A. Yes, logistics.</p>	<p style="text-align: right;">Page 13</p> <p>1 A. Actually it was the middle of 1990s I</p> <p>2 moved into logistics.</p> <p>3 Q. Okay. So, mid-1990s through 2003 you</p> <p>4 were a team member?</p> <p>5 A. Team member, writing programs.</p> <p>6 Q. Okay. And you had a manager that you</p> <p>7 reported to?</p> <p>8 A. Yes.</p> <p>9 Q. Okay. And now you have folks that</p> <p>10 report to you?</p> <p>11 A. Yes.</p> <p>12 Q. How many people are on your team?</p> <p>13 A. Five people are on my team.</p> <p>14 Q. I've had the opportunity to take a</p> <p>15 couple other depositions in this case. Another</p> <p>16 individual in the IT department was Sean Barnes.</p> <p>17 Do you know who that is?</p> <p>18 A. Yes, I know Sean.</p> <p>19 Q. Where does he relate to you? Is he in</p> <p>20 your department, a different department?</p> <p>21 A. He's in logistics IT. He's a manager</p> <p>22 for a different area within logistics.</p> <p>23 Q. Okay. Another individual I've run into</p> <p>24 is Brian Amend. Do you know who that is?</p>

<p style="text-align: right;">Page 14</p> <p>1 A. Yes, I know who that is.</p> <p>2 Q. Describe your relationship to him as far</p> <p>3 as hierarchical.</p> <p>4 A. He is the senior director of our</p> <p>5 department.</p> <p>6 Q. So, you report to him?</p> <p>7 A. I report to him.</p> <p>8 Q. Who are the folks on your team?</p> <p>9 A. Who are the folks? Pete Strohmayer,</p> <p>10 Alla Rapoport, Ed Cuesta, Eugene Tan and Dave</p> <p>11 Molidor.</p> <p>12 Q. I'm going to ask you some questions</p> <p>13 today about your position primarily I think as</p> <p>14 an -- as either a team member or a manager in the</p> <p>15 supply chain logistics department. Okay?</p> <p>16 A. Okay.</p> <p>17 Q. And I'm going to ask you some questions</p> <p>18 going back to as far back as you've been involved</p> <p>19 in that department. Okay?</p> <p>20 A. (Nodding head.)</p> <p>21 Q. When is the first time that you had any</p> <p>22 involvement with controlled substances as part of</p> <p>23 your job duties?</p> <p>24 A. Early 2000s.</p>	<p style="text-align: right;">Page 16</p> <p>1 conceptualizing phase?</p> <p>2 A. I do both. I will guide and sometimes</p> <p>3 design for them or help.</p> <p>4 Q. So, are you the one coming up with new</p> <p>5 plans or programs that need to be implemented or</p> <p>6 are you the one who gets tasked with actually</p> <p>7 making sure the plan gets put into place?</p> <p>8 A. We are told they need a new program and</p> <p>9 I basically assign that to a person and try to get</p> <p>10 it implemented. Design it and then write the code</p> <p>11 to implement the programs that they ask for.</p> <p>12 Q. So, somebody higher up than you --</p> <p>13 A. Yes.</p> <p>14 Q. -- tells you that they need a solution</p> <p>15 to an issue?</p> <p>16 A. Yes.</p> <p>17 Q. And then you help design and implement</p> <p>18 the solution?</p> <p>19 A. Yes.</p> <p>20 Q. You don't make the decision that we need</p> <p>21 a solution to some issue, whatever it is?</p> <p>22 A. No.</p> <p>23 Q. You receive an order from somebody</p> <p>24 higher up and you make sure it gets done?</p>
<p style="text-align: right;">Page 15</p> <p>1 Q. And what was the first thing you did</p> <p>2 with controlled substances?</p> <p>3 A. Created a system to manage warehousing</p> <p>4 of controlled substance within Walgreens.</p> <p>5 Q. Would it be fair to characterize your</p> <p>6 duties and the tasks that you performed beginning</p> <p>7 in the early 2000s, were those programs that you</p> <p>8 conceptualized yourself or were they programs that</p> <p>9 were given to you and you were asked to implement</p> <p>10 them?</p> <p>11 A. They were designs that were given to us</p> <p>12 that we were asked to implement. So we had to</p> <p>13 write the code. Some of it was existing code that</p> <p>14 existed already in our -- in our distribution</p> <p>15 centers that we were able to use for the controlled</p> <p>16 drug distribution center as well.</p> <p>17 Q. Okay. Would it be fair to say that</p> <p>18 somebody higher up at Walgreens developed a</p> <p>19 concept, gave you the design or the plans and you</p> <p>20 were in charge of implementing it?</p> <p>21 A. Yes.</p> <p>22 Q. Is that still the case in your role as</p> <p>23 an IT manager, that you quarterback your team</p> <p>24 implementing a plan or are you now in a</p>	<p style="text-align: right;">Page 17</p> <p>1 A. Yes.</p> <p>2 Q. I got a little sidetracked. Remind me</p> <p>3 what you said, the first interaction you had with</p> <p>4 controlled substances in the early 2000s.</p> <p>5 A. I helped build a system for us to</p> <p>6 warehouse and distribute to our stores controlled</p> <p>7 drug substances. C-II as we would refer to them</p> <p>8 as.</p> <p>9 Q. Do you know how long Walgreens has been</p> <p>10 distributing C-IIs?</p> <p>11 A. I don't believe they distribute any</p> <p>12 longer. They stopped sometime in I think late</p> <p>13 2000, but I don't remember exactly.</p> <p>14 Q. Okay. If I said 2013, 2014, would that</p> <p>15 sound accurate to you?</p> <p>16 A. It could be, yes.</p> <p>17 Q. My question is a little bit different.</p> <p>18 Do you know when Walgreens began distributing</p> <p>19 controlled substances to their own stores?</p> <p>20 A. That would have been sometime around the</p> <p>21 early 2000s.</p> <p>22 Q. So, you assisted with implementing a</p> <p>23 process that assisted Walgreens with distributing</p> <p>24 controlled substances to their stores?</p>

<p style="text-align: right;">Page 18</p> <p>1 A. Yes.</p> <p>2 Q. Generally describe what program you were 3 asked to implement in the early 2000s.</p> <p>4 A. We were asked to implement an order and 5 picking system as well as a system to print the 6 C -- or the DEA 222 form via a printer instead of 7 having to handwrite them, and then basically 8 maintain the C 22 forms -- the DEA 222 forms, and 9 then that's basically it.</p> <p>10 The stores would order. We process that 11 order. We decide if we are in -- if we have the 12 product in our DC or if it needs to be sent to a 13 jobber, which is a distributor outside of us, and 14 then we would split the order, pick the ones in our 15 DC, send the forms for the other orders, ordered 16 lines to the jobber --</p> <p>17 Q. Okay.</p> <p>18 A. -- to be picked.</p> <p>19 Q. I want to -- you used a couple terms 20 there that I want to make sure that I understand.</p> <p>21 A. Sure.</p> <p>22 Q. First you said "jobber." Would it be 23 fair to say that that is an outside vendor, such as 24 Cardinal Health, AmerisourceBergen, McKesson, those</p>	<p style="text-align: right;">Page 20</p> <p>1 far as opening?</p> <p>2 A. Just setting up the environment, making 3 sure all the programs are there, make sure they 4 tested, make sure they work. That basically is it.</p> <p>5 They were already written, so...</p> <p>6 Q. What's the next thing you did?</p> <p>7 A. That would have been the Woodland 8 distribution center.</p> <p>9 Q. Just setting it up, same thing?</p> <p>10 A. Same thing.</p> <p>11 Q. Okay. And those are the only three 12 distribution centers Walgreens ever had that 13 distributed C-IIIs, correct?</p> <p>14 A. That I'm aware of, yes.</p> <p>15 Q. Okay. After you assisted getting these 16 three distribution centers set up in what you 17 believe is the early 2000s, what was the next thing 18 you did related to controlled substances?</p> <p>19 A. Really nothing. Supported them. So, if 20 something broke, I would fix it, help fix it or 21 assign someone to fix it.</p> <p>22 Q. Are you aware of the concept that 23 Walgreens has certain obligations related to 24 controlled substances under federal statutes and</p>
<p style="text-align: right;">Page 19</p> <p>1 types of?</p> <p>2 A. Yes.</p> <p>3 Q. You keep using the term "DC." Do you 4 mean distribution center?</p> <p>5 A. Sorry. Yes, distribution center.</p> <p>6 Q. Okay. At some point in time in the 7 2000s were you involved in writing or implementing 8 a program that would identify line item limits for 9 orders of controlled substances?</p> <p>10 A. Line item limits, no.</p> <p>11 Q. What was the next project you worked on 12 related to controlled substances after implementing 13 a system to pick and ship controlled substances?</p> <p>14 A. Would have been opening of the next -- 15 our next DC.</p> <p>16 Q. What was the first DC that opened?</p> <p>17 A. Orlando.</p> <p>18 Q. What was the second one?</p> <p>19 A. Perrysburg.</p> <p>20 Q. And these are DCs meant for 21 Schedule IIIs, correct?</p> <p>22 A. Yes.</p> <p>23 Q. Briefly what did you have to do as it 24 relates to the Perrysburg distribution center as</p>	<p style="text-align: right;">Page 21</p> <p>1 federal regulations?</p> <p>2 A. No, I am not.</p> <p>3 Q. Are you aware of the concept of 4 reporting suspicious orders of controlled 5 substances?</p> <p>6 A. No.</p> <p>7 Q. Have you had any involvement in your 8 time with supply chain logistics related to 9 implementing thresholds or excessive query reports?</p> <p>10 A. We have an excessive order query that 11 was written for all of our distribution centers 12 that would look at orders before we processed them 13 through our system.</p> <p>14 Q. Okay. And were you involved with 15 writing that excessive order query?</p> <p>16 A. I was -- I believe I was involved or I 17 was leading someone to actually write it.</p> <p>18 Q. Okay. And when did that process happen?</p> <p>19 A. That would have been in early 1990s when 20 we went to our new distributions -- our warehouse 21 management system. Sorry.</p> <p>22 Q. Okay. I want to make sure we got our 23 dates right.</p> <p>24 So, you think in the early 1990s is when</p>

<p style="text-align: right;">Page 22</p> <p>1 you wrote the -- what would you call it? Is it an 2 excessive quantity query, excessive order query? 3 A. Excessive order query. 4 Q. And you've told me a couple times that 5 you believe the C-II distribution from Walgreens 6 began in the early 2000s, correct? 7 A. I believe so, yes. 8 Q. But this excessive order query was 9 written you believe in the early '90s? 10 A. Yes. 11 Q. And what involvement did you have in 12 writing the excessive order query? 13 A. I probably led the -- I'm trying to 14 remember exactly, but I know I led my team or a 15 team member in how to write it and get it created. 16 Q. Do you remember who else you worked with 17 on that? 18 A. I don't. I'm sorry. No. 19 Q. Okay. What was the purpose of 20 implementing an excessive order query? 21 A. The purpose of it is to try and catch 22 invalid -- product that was entered in excess of 23 what should normally be a normal value. 24 Q. Would it be fair to characterize it as</p>	<p style="text-align: right;">Page 24</p> <p>1 significant period of time before Walgreens began 2 distributing any controlled substances? 3 A. Yes, it was. 4 Q. Anything change about the excessive 5 order query when Walgreens began distributing 6 controlled substances? 7 A. No. 8 Q. Any amendments or modifications made to 9 the excessive order query? 10 A. We had to put their distribution center 11 number into the query so it would only look at its 12 orders and not pick up anything else. 13 Q. But you didn't have to change the 14 formula? 15 A. Nope, no. 16 Q. There weren't any other factors or 17 criteria that were considered in tweaking the 18 formula for controlled substances? 19 A. No. 20 Q. What was the criteria that was utilized 21 to generate the excessive order query? 22 A. It -- it looked at the order quantity 23 and if it was larger than a -- if it was greater 24 than a value that the distribution center entered</p>
<p style="text-align: right;">Page 23</p> <p>1 an inventory management type system? 2 A. It's not really a management system. It 3 just looked at orders that came in from a store, 4 checked against a value and if it was larger than 5 that, put it on a report. 6 Q. Why did you want to see orders that 7 might be larger than a certain value? 8 A. Because if product is not really wanted 9 and it was a mistake, then there was a lot of 10 excessive work that needed to be done both from the 11 distribution center and the store. So, if it could 12 be prevented upfront, it would save trouble for 13 all. 14 Q. So, the excessive order query was 15 implemented to catch mistakes that were coming in 16 from the Walgreens stores? 17 A. Yes, on orders, yes, quantities. 18 Q. Walgreens didn't want to have a 19 situation where they had an order come in with an 20 extra zero on it where they shipped the product to 21 the store and then had to go through the hassle of 22 getting it back? 23 A. Yes. 24 Q. And that process was in place for a</p>	<p style="text-align: right;">Page 25</p> <p>1 into the query, it would report it, that particular 2 product on the report. 3 Q. Was there any algorithm involved in that 4 excessive order query? 5 A. No. 6 Q. Was there any calculation involved in 7 establishing that excessive order query? 8 A. No. 9 Q. Was that excessive order query built 10 solely around a number that somebody at the 11 distribution center would type in for a particular 12 product? 13 A. Yes. And it's not product. It's for 14 the entire order, store order. 15 Q. Okay. Thank you for that clarification. 16 Help me understand that a little bit. 17 Would it be -- obviously a particular pharmacy 18 might order Claritin, an allergy medication. Is 19 the line item query written specifically for 20 Claritin or is it written for all orders of all 21 cold medications or allergy medications coming from 22 a particular store? 23 MR. LEVINE: Objection to form. You can 24 answer if you understand.</p>

<p style="text-align: right;">Page 26</p> <p>1 BY THE WITNESS:</p> <p>2 A. It's for all items carried in the 3 warehouse, in the Walgreens stores.</p> <p>4 BY MR. GADDY:</p> <p>5 Q. But is it line by line? Is it product 6 by product that is the -- why don't you explain for 7 me what you meant when you told me that it's for 8 the entire store as opposed to by product?</p> <p>9 A. Well, the store can order any product. 10 I mean, we distribute products for most of the 11 items in our Walgreens store. So, any ordered item 12 it would look at regardless of what type of item 13 it is. It could be paper towels. It could be 14 toilet paper, shampoo. It will look at any item we 15 have and if it is greater than the value specified, 16 it will appear on the report.</p> <p>17 Q. So, the distribution center enters in a 18 quantity or a number for paper towels, correct?</p> <p>19 A. No, they're entering a number just -- 20 it's not item-specific. It's just a number and if 21 it's greater than that number, it will display on a 22 report. So, it's not product-specific.</p> <p>23 Q. Okay. So, it's one number that's 24 entered for all products within the store?</p>	<p style="text-align: right;">Page 28</p> <p>1 Q. Is there any approval process that 2 you're aware of for that person to raise or lower 3 that number?</p> <p>4 A. Not that I am aware of.</p> <p>5 Q. In the 2000s when Walgreens began 6 distributing controlled substances to its own 7 stores, from your understanding, is the excessive 8 order query just as you've been describing it thus 9 far?</p> <p>10 A. Yes.</p> <p>11 Q. Are you aware of any special practices 12 or procedures or approvals required regarding the 13 excessive order query as it related to controlled 14 substances in the 2000s?</p> <p>15 A. No, I am not.</p> <p>16 Q. And you were the person that helped 17 implement this program, correct?</p> <p>18 A. That is correct.</p> <p>19 Q. Were you ever asked to make any changes 20 or amendments to the program over the life of it?</p> <p>21 A. Not that I remember.</p> <p>22 Q. How often would that excessive query 23 report be run?</p> <p>24 A. It's really up to the DCs to determine</p>
<p style="text-align: right;">Page 27</p> <p>1 A. Yes.</p> <p>2 Q. One number whether it's paper towels, 3 whether it's toilet paper, whether it's Claritin, 4 or whether it's OxyContin?</p> <p>5 A. Yes.</p> <p>6 Q. And that number is chosen by an 7 individual at the distribution center?</p> <p>8 A. Yes. It's chosen by someone at the 9 distribution center.</p> <p>10 Q. Do you know the position of the person 11 at the distribution center that makes that 12 determination?</p> <p>13 A. No, I do not.</p> <p>14 Q. Have you heard the position of SAIL 15 coordinator, S-A-I-L coordinator?</p> <p>16 A. Yes. I know SAIL coordinator.</p> <p>17 Q. Do you know whether or not the SAIL 18 coordinator is the person that makes the decision 19 that a certain number is going to be entered as the 20 criteria?</p> <p>21 A. I can't say for sure.</p> <p>22 Q. Regardless of who it is, that person has 23 discretion to raise or lower that number, correct?</p> <p>24 A. That is correct.</p>	<p style="text-align: right;">Page 29</p> <p>1 that. It could be daily. It could be -- it's up 2 to their decision to how many times they would or 3 when they would run it.</p> <p>4 Q. From your understanding, do orders come 5 into the distribution center from -- from stores 6 pretty much on a daily basis?</p> <p>7 A. Yes.</p> <p>8 Q. It would make sense to run the report 9 daily?</p> <p>10 Let me ask it this way: If your goal is 11 to catch orders that might have been entered in 12 error, which I think is what you told us the 13 intention of the report was, it would make sense to 14 run it daily so that you don't ship any product 15 that wasn't intended to be shipped?</p> <p>16 A. Yes.</p> <p>17 Q. Are you aware of any policy or procedure 18 for what is supposed to be done if there are 19 certain orders that populate on that excessive 20 order query?</p> <p>21 MR. LEVINE: Objection; lacks foundation.</p> <p>22 BY THE WITNESS:</p> <p>23 A. I'm not -- I'm not sure. I don't know 24 of any policies personally, no.</p>

<p style="text-align: right;">Page 30</p> <p>1 BY MR. GADDY:</p> <p>2 Q. Were you asked to implement or design 3 any policies or procedures as far as what 4 individuals or what anybody was supposed to do if 5 any orders populated on that query?</p> <p>6 A. No. I would just -- I just wrote the 7 program -- actually the query that created the 8 data. I wasn't involved in policies.</p> <p>9 Q. Okay. You don't work in the 10 distribution center, correct?</p> <p>11 A. I do not work in the distribution 12 center, no.</p> <p>13 Q. Have you ever worked in a distribution 14 center?</p> <p>15 A. No, I have not.</p> <p>16 Q. Have you visited distribution centers?</p> <p>17 A. Yes.</p> <p>18 Q. Have you ever been to a distribution 19 center and watched the process of them running this 20 excessive order query?</p> <p>21 A. Not that query in particular, no.</p> <p>22 Q. That process of the excessive order 23 query, as far as you know, does that still happen 24 today?</p>	<p style="text-align: right;">Page 32</p> <p>1 excessive orders?</p> <p>2 A. Can you repeat that? I'm sorry.</p> <p>3 Q. Sure. I think you told us that the 4 excessive order query would populate a report for 5 any items that were ordered in excess of whatever a 6 line limit was, is that accurate?</p> <p>7 A. Yes.</p> <p>8 Q. And I think you told us that that line 9 limit is inputted by somebody at the distribution 10 center?</p> <p>11 A. That is correct.</p> <p>12 Q. Was there any recommended or suggested 13 value for what that line limit should be that 14 you're aware of?</p> <p>15 A. Not that I'm aware of, no.</p> <p>16 Q. Did the report that you wrote, that you 17 implemented that you wrote the code for, did it 18 suggest or recommend any particular line limit?</p> <p>19 A. No. That was up to the DC to make that 20 determination. Distribution center. Sorry.</p> <p>21 Q. Sure. You can say "DC." I just wanted 22 to make sure we were clear on what you were talking 23 about.</p> <p>24 Were the -- were the line limits that</p>
<p style="text-align: right;">Page 31</p> <p>1 A. Yes.</p> <p>2 Q. As far as you're aware, have there been 3 any changes or amendments to that -- to that 4 process, the excessive order query?</p> <p>5 MR. LEVINE: Objection; foundation.</p> <p>6 BY THE WITNESS:</p> <p>7 A. I don't know of any, no.</p> <p>8 BY MR. GADDY:</p> <p>9 Q. Have you or your team within supply and 10 logistics been asked to make any changes or 11 amendments to the excessive order query?</p> <p>12 A. No.</p> <p>13 Q. At any point in time was you or your 14 team or anybody else that you're aware of in supply 15 and logistics asked to make any changes or 16 amendments to the excessive order query as it 17 related to running that report for controlled 18 substances?</p> <p>19 A. No.</p> <p>20 Q. Did the excessive order query report ask 21 or -- excuse me. Strike that.</p> <p>22 Did the excessive order query report 23 suggest or recommend any particular line limit or 24 threshold that would be used to trigger any</p>	<p style="text-align: right;">Page 33</p> <p>1 were implemented at distribution centers, do you 2 know whether or not they were static, the same 3 across all distribution centers, or do you not know 4 that?</p> <p>5 A. I do not know that.</p> <p>6 Q. Are you aware of any policies or 7 procedures about setting the line limits for 8 stores?</p> <p>9 A. No, I am not aware of any.</p> <p>10 Q. And, again, whatever line limit is set 11 would be the same for paper towels, for cold 12 medication and for controlled substances, correct?</p> <p>13 A. Yes.</p> <p>14 Q. Outside of writing the code and 15 implementing the excessive order query, during your 16 time at Walgreens have you been involved in any 17 other projects related to thresholds or ceilings as 18 it relates to controlled substances?</p> <p>19 A. No.</p> <p>20 Q. During your time at Walgreens have 21 you -- in supply and logistics have you been 22 involved in any projects that involve ARCOS 23 reporting?</p> <p>24 A. The system that we run at the DCs</p>

<p style="text-align: right;">Page 34</p> <p>1 created a file that fed ARCOS, but that's as far as 2 my limitations went.</p> <p>3 Q. Tell me what you mean by that.</p> <p>4 A. As we ship out our product to the 5 stores, there is a -- the data is written to a file 6 that will feed into the ARCOS system, and we 7 created that file; but after that, I had no 8 involvement with the ARCOS system itself.</p> <p>9 Q. Okay. Have you in your time at 10 Walgreens in supply chain and logistics had any 11 involvement with reporting of any controlled 12 substance information to the DEA?</p> <p>13 A. No.</p> <p>14 Q. During your time in supply and logistics 15 at Walgreens, have you had any involvement in 16 generating suspicious order reports?</p> <p>17 A. No.</p> <p>18 Q. Have you had any involvement in your 19 time with the supply chain and logistics at 20 Walgreens with any type of due diligence reports as 21 it relates to controlled substances?</p> <p>22 A. No.</p> <p>23 Q. During your time at Walgreens did you 24 become aware that the controlled substance</p>	<p style="text-align: right;">Page 36</p> <p>1 Q. And specifically you were asked what, to 2 prevent controlled substances from going to stores 3 that are typically serviced by the Jupiter 4 distribution center?</p> <p>5 A. We were asked to, if I -- I don't 6 remember exactly. But I believe it was to redirect 7 the orders to a different distribution center other 8 than Jupiter.</p> <p>9 Q. There were only three Walgreens 10 distribution centers that distributed controlled 11 substances, correct?</p> <p>12 A. That is correct, to my knowledge.</p> <p>13 Q. And that's Jupiter in Florida, correct?</p> <p>14 A. Yes.</p> <p>15 Q. Perrysburg in Ohio?</p> <p>16 A. Yes.</p> <p>17 Q. And Woodland in California?</p> <p>18 A. Yes.</p> <p>19 Q. When you were first asked by your 20 supervisor to or -- excuse me -- first informed by 21 your supervisor that you needed to have the orders 22 for stores that are typically serviced by Jupiter 23 diverted elsewhere, were they diverted to another 24 Walgreens distribution center or were they diverted</p>
<p style="text-align: right;">Page 35</p> <p>1 distribution center in Jupiter, Florida was 2 investigated by the DEA?</p> <p>3 A. I became aware of it when they asked us 4 to stop sending orders through it.</p> <p>5 Q. Tell me how you became aware that the 6 Jupiter distribution center was under investigation 7 by the DEA.</p> <p>8 A. I believe my boss at the time said we 9 need to look at ways to prevent orders from going 10 to -- to the Jupiter DC.</p> <p>11 Q. Okay.</p> <p>12 A. From a programmer point of view.</p> <p>13 Q. So, there is a -- would it be fair to 14 say there is an electronic system by which the 15 stores order product, including controlled 16 substances, from distribution centers?</p> <p>17 A. Yes, there is.</p> <p>18 Q. How long has that been an electronic 19 process?</p> <p>20 A. Since the early 1990s.</p> <p>21 Q. And also in the early 1990s is when 22 Walgreens began running these excessive order 23 queries?</p> <p>24 A. Yes.</p>	<p style="text-align: right;">Page 37</p> <p>1 to a jobber?</p> <p>2 A. I'm trying -- that was a long time ago.</p> <p>3 But probably to both I would guess, but I don't 4 remember exactly. Sorry.</p> <p>5 Q. Do you know why the orders that 6 typically were serviced by the Jupiter distribution 7 center for controlled substances needed to be 8 outsourced to either other Walgreens C-II 9 distribution centers or to jobbers?</p> <p>10 A. Not exactly except I was asked to do it.</p> <p>11 Q. Were you given any high level 12 presentation about why the DEA was involved in 13 Jupiter?</p> <p>14 A. No.</p> <p>15 Q. Were you given any explanation from 16 anybody higher than you at Walgreens about what was 17 going on as it related to the DEA and controlled 18 substances at the Jupiter distribution center?</p> <p>19 A. Not that I remember, no.</p> <p>20 Q. Were you aware that at some point in 21 time Walgreens and the DEA actually entered into a 22 settlement regarding the allegations stemming from 23 the Jupiter distribution center as it related to 24 controlled substances?</p>

<p style="text-align: right;">Page 38</p> <p>1 A. No, I do not.</p> <p>2 Q. Did anybody at Walgreens ever give you 3 any information about any litigation or settlement 4 between the DEA and Walgreens relating to -- to 5 that DEA investigation of the Jupiter distribution 6 center?</p> <p>7 A. No.</p> <p>8 Q. Let me show you what we're going to mark 9 as -- I'm going to show you P-WAG-1, which we're 10 going to mark as Peterson 1.</p> <p>11 (WHEREUPON, a certain document was 12 marked as Walgreens-Peterson 13 Exhibit No. 1: Binder, "Settlement 14 and Memorandum of Agreement"; 15 WAGMDL00490963 - 00490978 with 16 attachments.)</p> <p>17 BY MR. GADDY:</p> <p>18 Q. Mr. Peterson, you can flip open that 19 page. Do you see the top of the first page -- if 20 you look, I'm going to use -- at the bottom 21 right-hand corner there is page numbers and you 22 should be on page 1 out of 343.</p> <p>23 Do you see that?</p> <p>24 A. Yeah. 1 out of 13 you mean?</p>	<p style="text-align: right;">Page 40</p> <p>1 BY THE WITNESS:</p> <p>2 A. 12 pages doubled. Did you say 12 3 double-sided or?</p> <p>4 MR. LEVINE: Are you looking for Appendix B?</p> <p>5 MR. GADDY: Correct, yes.</p> <p>6 MR. LEVINE: So, I think -- well, this one 7 doesn't have a number at the bottom.</p> <p>8 BY THE WITNESS:</p> <p>9 A. I got Appendix A. Hang on. Maybe I can 10 find it.</p> <p>11 MR. GADDY: Let me see what you have got on 12 the next page there, Mark.</p> <p>13 MR. LEVINE: This.</p> <p>14 MR. GADDY: Absolutely. So, yours has -- does 15 yours say 23 of 343 on the bottom right?</p> <p>16 MR. LEVINE: No.</p> <p>17 MR. GADDY: On the bottom right.</p> <p>18 MR. LEVINE: I'm sorry. Page 23 of 343, 19 right.</p> <p>20 MR. GADDY: Correct.</p> <p>21 BY MR. GADDY:</p> <p>22 Q. So, Mr. Peterson --</p> <p>23 MR. LEVINE: So, after Appendix A.</p> <p>24 THE WITNESS: Okay.</p>
<p style="text-align: right;">Page 39</p> <p>1 Q. I'm sorry?</p> <p>2 A. Mine says 1 out of 13.</p> <p>3 Q. Look at the bottom right-hand corner.</p> <p>4 A. I don't --</p> <p>5 MR. LEVINE: You said 1 out of 43. That's 6 why. Or 343. You mean the 963 number at the 7 bottom?</p> <p>8 MR. GADDY: Yeah, let's do that. Let's do 9 that. Mine is numbered differently, but I think we 10 are on the same page here. I'm sorry.</p> <p>11 BY MR. GADDY:</p> <p>12 Q. You see at the top of that page it says 13 Settlement and Memorandum of Agreement?</p> <p>14 A. Yes, I do.</p> <p>15 Q. Have you ever seen this document before?</p> <p>16 A. No, I have not.</p> <p>17 Q. Flip through for me, please, it's going 18 to be about 12 pages in. If it's double-sided, 19 about 12 pages in. You should find an Appendix B 20 and then right after that there is a --</p> <p>21 MR. LEVINE: Do you know what the number is at 22 the bottom?</p> <p>23 MR. GADDY: I have a copy that doesn't have 24 the same numbers as you all.</p>	<p style="text-align: right;">Page 41</p> <p>1 MR. LEVINE: Keep on going. You will get to 2 Appendix B.</p> <p>3 There you go.</p> <p>4 BY THE WITNESS:</p> <p>5 A. Got it.</p> <p>6 BY MR. GADDY:</p> <p>7 Q. Great. Does yours on the bottom 8 right-hand corner say 23 of 343?</p> <p>9 MR. LEVINE: On the --</p> <p>10 BY THE WITNESS:</p> <p>11 A. Yes, on the one side, yes.</p> <p>12 BY MR. GADDY:</p> <p>13 Q. Okay. I think maybe there was just a 14 replacement of the beginning.</p> <p>15 All right. So, that's the number I'll 16 look at from now on is that number on the bottom 17 right-hand side of the page.</p> <p>18 A. Okay.</p> <p>19 Q. All right. Do you see up in the top 20 right of this document here it says, "U.S. 21 Department of Justice, Drug Enforcement 22 Administration"?</p> <p>23 A. Yes.</p> <p>24 Q. Do you know if you've seen this document</p>

Page 42	Page 44
<p>1 before?</p> <p>2 A. No, I have never seen this document.</p> <p>3 Q. Okay. Do you see below the U.S.</p> <p>4 Department of Justice there is a date here that</p> <p>5 says September 13, 2012?</p> <p>6 A. Yes.</p> <p>7 Q. Does that sound about the time frame</p> <p>8 that you were informed by your superior that you</p> <p>9 needed to start looking at ways to divert the</p> <p>10 orders of controlled substances that typically had</p> <p>11 come from the Jupiter distribution center?</p> <p>12 A. I really don't remember.</p> <p>13 Q. If you go down a little bit to the left,</p> <p>14 do you see it says, "In the matter of Walgreens</p> <p>15 Company"? Do you see that?</p> <p>16 A. Just looking.</p> <p>17 Q. Still in the top of the page of the</p> <p>18 heading.</p> <p>19 A. Oh. I'm sorry. Yes, I do.</p> <p>20 Q. Mr. Peterson, this screen up here is</p> <p>21 going to kind of walk through it. So, from time to</p> <p>22 time -- and you should have one right in front of</p> <p>23 you too.</p> <p>24 A. Yes, I do. I see that now.</p>	<p>1 A. No.</p> <p>2 Q. If you skip down to the paragraph</p> <p>3 numbered 1 at the bottom of the page.</p> <p>4 Do you see that?</p> <p>5 A. Yes, I do.</p> <p>6 Q. It says, "Walgreens' Jupiter, Florida</p> <p>7 distribution center is registered with the DEA as a</p> <p>8 distributor in Schedules II through V pursuant to a</p> <p>9 DEA Certificate of Registration."</p> <p>10 Do you see that?</p> <p>11 A. Yes.</p> <p>12 Q. And then it gives an address, 15998</p> <p>13 Walgreens Drive, Jupiter, Florida.</p> <p>14 Do you see that?</p> <p>15 A. Yes, I do.</p> <p>16 Q. And is that consistent with your</p> <p>17 understanding from your time in supply chains and</p> <p>18 logistics that Walgreens had a distribution center</p> <p>19 in Jupiter, Florida?</p> <p>20 A. Yes.</p> <p>21 Q. It goes on to say, it says, "The Jupiter</p> <p>22 distribution center is one of 12 distribution</p> <p>23 centers owned and operated by the Walgreens</p> <p>24 Corporation."</p>
<p style="text-align: center;">Page 43</p> <p>1 Q. Okay. Good deal. Then you see the</p> <p>2 title of this document, it says "Order to Show</p> <p>3 Cause and Immediate Suspension of Registration."</p> <p>4 Do you see that?</p> <p>5 A. Yes.</p> <p>6 Q. And if you go down, it says in the body,</p> <p>7 there is the first paragraph that starts</p> <p>8 "Pursuant," but I'm going to start at the next</p> <p>9 paragraph that starts "Notice."</p> <p>10 Do you see that?</p> <p>11 A. Yes.</p> <p>12 Q. It says, "Notice is hereby given to</p> <p>13 inform Walgreens Corporation of the immediate</p> <p>14 suspension of Drug Enforcement Administration</p> <p>15 Certificate of Registration RW0277752, pursuant to</p> <p>16 21 United States Code Section 824(d), because such</p> <p>17 registration constitutes an imminent danger to the</p> <p>18 public health and safety."</p> <p>19 Do you see that?</p> <p>20 A. Yes.</p> <p>21 Q. Did anybody at Walgreens make you aware</p> <p>22 that the DEA had made allegations that Walgreens</p> <p>23 was conducting business that constituted an</p> <p>24 imminent danger to the public health and safety?</p>	<p style="text-align: center;">Page 45</p> <p>1 And if you flip to the next page, it</p> <p>2 says it's headquartered in Deerfield, Illinois, and</p> <p>3 "Walgreens also operates more than 7,800 Walgreens</p> <p>4 retail pharmacies in the United States."</p> <p>5 Do you see that?</p> <p>6 A. Yes.</p> <p>7 Q. Does that seem accurate to you at the</p> <p>8 time back in September of 2012?</p> <p>9 A. Yes, it would.</p> <p>10 Q. If you look at paragraph 2, the first</p> <p>11 sentence there says, "Since at least 2009, the</p> <p>12 State of Florida has been the epicenter of a</p> <p>13 notorious, well-documented epidemic of prescription</p> <p>14 drug abuse."</p> <p>15 Do you see that?</p> <p>16 A. Yes.</p> <p>17 Q. Back in 2012, in your time at Walgreens</p> <p>18 going back to 2009 like is indicated here, did you</p> <p>19 have an understanding that the State of Florida was</p> <p>20 the epicenter of a notorious, well-known epidemic</p> <p>21 of prescription drug abuse?</p> <p>22 A. No, I was not.</p> <p>23 Q. Did anybody at Walgreens ever make you</p> <p>24 aware of there being a prescription drug abuse</p>

<p>1 epidemic in Florida?</p> <p>2 MR. LEVINE: Objection to form.</p> <p>3 BY THE WITNESS:</p> <p>4 A. No. There would be no need for that. I</p> <p>5 mean, I -- I'm just a programmer, designing</p> <p>6 programs.</p> <p>7 BY MR. GADDY:</p> <p>8 Q. And you get your orders about what to do</p> <p>9 and what to implement from folks that are higher up</p> <p>10 at Walgreens, correct?</p> <p>11 A. Yes.</p> <p>12 Q. Let me ask it this way. At any point in</p> <p>13 time between 2009 and this document, which came out</p> <p>14 in September of 2012, did anybody -- any of your</p> <p>15 supervisors, anybody higher up at Walgreens come to</p> <p>16 you or your team or any of the other supply chain</p> <p>17 and logistics folks that you know of at Walgreens,</p> <p>18 and ask you all to come up with any solutions or</p> <p>19 implement any programs that would help address any</p> <p>20 type of prescription drug abuse epidemic that was</p> <p>21 happening in Florida?</p> <p>22 MR. LEVINE: Objection to form, foundation.</p> <p>23 BY THE WITNESS:</p> <p>24 A. No, not that I'm aware of.</p>	<p>Page 46</p> <p>1 A. Yes.</p> <p>2 Q. At any point in time during your</p> <p>3 employment at Walgreens has anybody ever at</p> <p>4 Walgreens made you aware that oxycodone is a</p> <p>5 dangerously addictive Schedule II controlled</p> <p>6 substance?</p> <p>7 A. Nope.</p> <p>8 Q. Do you have an independent understanding</p> <p>9 of that, do you know that without reading it in</p> <p>10 this document?</p> <p>11 A. I know that it's prescribed for medical</p> <p>12 use and if it's used for -- as prescribed by a</p> <p>13 doctor, it serves a purpose.</p> <p>14 Q. Do you have an understanding that it's</p> <p>15 highly addictive?</p> <p>16 A. No, I don't have an understanding.</p> <p>17 Q. Nobody at Walgreens has ever told you</p> <p>18 that it's highly addictive?</p> <p>19 A. No.</p> <p>20 Q. That paragraph goes on to say that</p> <p>21 "According to the 2010 Florida Medical Examiner's</p> <p>22 Commission Drug Report, the drug that caused the</p> <p>23 most deaths in Florida for 2010 was oxycodone,</p> <p>24 causing 1,516 deaths."</p>
<p>1 BY MR. GADDY:</p> <p>2 Q. If you go down to paragraph 3, it starts</p> <p>3 "Oxycodone."</p> <p>4 Do you see that?</p> <p>5 A. Yes.</p> <p>6 Q. Do you know what oxycodone is?</p> <p>7 A. It's a controlled drug.</p> <p>8 Q. Okay. And that's something that you</p> <p>9 have an understanding of?</p> <p>10 A. I do know what the drug is, yes.</p> <p>11 Q. And do you have an understanding that</p> <p>12 that's a drug that Walgreens has not only dispensed</p> <p>13 in its pharmacies but has distributed to itself</p> <p>14 from I guess the early 2000s until they stopped,</p> <p>15 which we think was around '13 or '14?</p> <p>16 A. I -- I don't remember all the drugs we</p> <p>17 distributed, but I believe that was one of them.</p> <p>18 But I'm not 100% sure.</p> <p>19 Q. I understand. It goes on, it says there</p> <p>20 in paragraph 3, "Oxycodone is a dangerously</p> <p>21 addictive Schedule II controlled substance which is</p> <p>22 known to be highly abused and diverted in the State</p> <p>23 of Florida."</p> <p>24 Do you see that?</p>	<p>Page 47</p> <p>1 Do you see that?</p> <p>2 A. Yes.</p> <p>3 Q. Did anybody at Walgreens ever make you</p> <p>4 aware that this drug was causing that many deaths</p> <p>5 in the State of Florida?</p> <p>6 A. No.</p> <p>7 MR. LEVINE: Objection to foundation.</p> <p>8 You have to give me a chance to object</p> <p>9 before you start your answer. Give me a second or</p> <p>10 so. Thanks.</p> <p>11 THE WITNESS: Sorry.</p> <p>12 BY THE WITNESS:</p> <p>13 A. No, I do not.</p> <p>14 BY MR. GADDY:</p> <p>15 Q. I asked you if anybody at Walgreens made</p> <p>16 you aware of that, and you said, "No, I do not."</p> <p>17 You mean nobody did?</p> <p>18 A. No one made me aware of it.</p> <p>19 Q. Did anybody at any time while you've</p> <p>20 been at Walgreens in the supply chain and logistics</p> <p>21 department, did anybody ask you or as far as you're</p> <p>22 aware anybody else or any other teams in supply</p> <p>23 chain and logistics to implement any programs or</p> <p>24 write any code or implement any solutions</p>

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<p>1 specifically related to oxycodone?</p> <p>2 MR. LEVINE: Objection to foundation.</p> <p>3 BY THE WITNESS:</p> <p>4 A. Not that I'm aware of.</p> <p>5 BY MR. GADDY:</p> <p>6 Q. Paragraph 4 says, "Since 2009 Walgreens'</p> <p>7 Jupiter, Florida distribution center has been the</p> <p>8 single largest distributor of oxycodone products in</p> <p>9 Florida."</p> <p>10 Do you see that?</p> <p>11 A. Yes.</p> <p>12 Q. Prior to reading that right here, did</p> <p>13 you know that?</p> <p>14 A. No.</p> <p>15 Q. It goes on to say, "At about the same</p> <p>16 time as the abuse of prescription drugs became an</p> <p>17 epidemic in Florida, Walgreens' Florida retail</p> <p>18 pharmacies, supplied by Respondent," and I will</p> <p>19 represent to you the Respondent means Walgreens,</p> <p>20 "commanded an increasingly large percentage of the</p> <p>21 state's growing oxycodone business. In 2010, only</p> <p>22 three Walgreens retail pharmacies were in the top</p> <p>23 100 purchasers of oxycodone within Florida. In</p> <p>24 2011, 38 Walgreens pharmacies made the top 100 and</p>	<p>1 A. Yes.</p> <p>2 Q. Nobody asked you to implement any</p> <p>3 solution as it related to oxycodone going to</p> <p>4 Florida, correct?</p> <p>5 MR. LEVINE: Objection; asked and answered.</p> <p>6 BY THE WITNESS:</p> <p>7 A. No.</p> <p>8 BY MR. GADDY:</p> <p>9 Q. So, this report, the date of this</p> <p>10 document that we're looking at is 2012, and I think</p> <p>11 we've looked at -- we've seen that it's talking</p> <p>12 about a time frame that generally starts in 2009.</p> <p>13 Do you see that?</p> <p>14 A. Yes.</p> <p>15 Q. In 2009 you were a manager, correct?</p> <p>16 A. Yes.</p> <p>17 Q. In 2009 the -- the excessive order query</p> <p>18 that we spent a little bit of time talking about</p> <p>19 earlier this morning, that was in effect then,</p> <p>20 correct?</p> <p>21 A. Yes.</p> <p>22 Q. That was in effect at all Walgreens</p> <p>23 distribution centers, correct?</p> <p>24 A. Yes.</p>
<p style="text-align: center;">Page 51</p> <p>1 six were in the top 10."</p> <p>2 Do you see that?</p> <p>3 A. Yes.</p> <p>4 Q. It says, "Through May 2012, 44 Walgreens</p> <p>5 pharmacies are in the top 100 oxycodone purchasers,</p> <p>6 all of them supplied by Respondent."</p> <p>7 Do you see that?</p> <p>8 A. Yes.</p> <p>9 Q. Did you have an understanding, as a</p> <p>10 person working in the supply chain and logistics</p> <p>11 department of Walgreens during this time frame,</p> <p>12 that Walgreens pharmacies were -- were ranked this</p> <p>13 high as it related to oxycodone distributions and</p> <p>14 dispensing in the State of Florida?</p> <p>15 MR. LEVINE: Objection; foundation.</p> <p>16 BY THE WITNESS:</p> <p>17 A. No. As I said before, I just -- I write</p> <p>18 programs. I don't --</p> <p>19 BY MR. GADDY:</p> <p>20 Q. You take orders from folks above you --</p> <p>21 A. Yes.</p> <p>22 Q. -- correct?</p> <p>23 You implement the solutions they ask you</p> <p>24 to implement?</p>	<p style="text-align: center;">Page 53</p> <p>1 Q. I show you -- go to the -- there is the</p> <p>2 next paragraph is paragraph 5, but then at the top</p> <p>3 of the next page there is a chart.</p> <p>4 Do you see that?</p> <p>5 A. Yes.</p> <p>6 Q. And you saw that we just read in that</p> <p>7 last paragraph that all of these Walgreens</p> <p>8 pharmacies throughout the State of Florida were</p> <p>9 supplied by Walgreens. You understand that?</p> <p>10 A. That's what it said there, yes.</p> <p>11 Q. Okay. So, if we look at this chart on</p> <p>12 the top of -- it's going to be page 25 of 343, do</p> <p>13 you recognize the first column as to indicate store</p> <p>14 numbers and store locations for different</p> <p>15 Walgreens?</p> <p>16 A. Yes, that's what it looks like, yes.</p> <p>17 Q. And as we look at the next three</p> <p>18 columns, do you see those to indicate oxycodone</p> <p>19 purchases by dosage unit for the years of 2009,</p> <p>20 2010 and 2011?</p> <p>21 MR. LEVINE: Objection; foundation.</p> <p>22 BY THE WITNESS:</p> <p>23 A. I see them, yes.</p> <p>24 BY MR. GADDY:</p>

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<p>1 Q. And if we look, just, for example, at 2 the second store listed there in Line No. 2, Store 3 03099 in Fort Myers, Florida.</p> <p>4 Do you see that?</p> <p>5 A. Yes.</p> <p>6 Q. And according to this chart that's in 7 this document, in 2009 that particular store was 8 supplied by Walgreens 95,800 dosage units of 9 oxycodone, correct?</p> <p>10 A. That's what it says, yes.</p> <p>11 Q. And according to this chart, in the 12 following year, 2010, that particular store was 13 supplied by Walgreens 496,100 dosage units of 14 oxycodone, is that correct?</p> <p>15 A. That's what the chart says.</p> <p>16 Q. You agree that that's an approximate 5 17 times increase from 2009 to 2010, about 5-fold?</p> <p>18 A. Quick math, yes.</p> <p>19 Q. And at the time that the oxycodone 20 purchases to this Fort Myers store went from 95,000 21 to 496,000 and increased approximately 5-fold, this 22 excessive order query was in place at the Jupiter 23 distribution center, correct?</p> <p>24 A. Yes.</p>	<p>1 populated on that excessive order query, according 2 to this chart we're looking at here, the dosage 3 units sent to this particular Fort Myers Walgreens 4 store increased over 20-fold in a two-year time 5 period, correct?</p> <p>6 MR. LEVINE: Objection to form, foundation.</p> <p>7 BY THE WITNESS:</p> <p>8 A. I'm not sure if I can answer that 9 question. I'm not sure about that one.</p> <p>10 BY MR. GADDY:</p> <p>11 Q. Okay. That's fair.</p> <p>12 Let's look at the next store. Do you 13 see that it's line item 3, 06997 for Oviedo, 14 Florida?</p> <p>15 A. Yes.</p> <p>16 Q. And according to this chart, it 17 indicates that that store in 2009 was shipped by 18 Walgreens 80,900 dosage units of oxycodone, 19 correct?</p> <p>20 A. That's what the chart says, yes.</p> <p>21 Q. And if you look at the following year, 22 in 2010, it indicates that that same store was 23 supplied by Walgreens 223,500 dosage units, 24 correct?</p>
Page 55	Page 57
<p>1 Q. Do you see there that on that chart it 2 indicates that in 2011 that same store was sent 3 approximately 2.1 million dosage units of 4 oxycodone?</p> <p>5 A. Yes, that's what the chart says.</p> <p>6 Q. And, again, rough math, do you agree 7 that from 2009 until 2011, the amount of oxycodone 8 supplied by Walgreens to this Fort Myers store 9 location increased over 20-fold?</p> <p>10 A. Yes. That's what it looks like.</p> <p>11 Q. And at the time that the number of 12 oxycodone dosage units shipped by Walgreens to this 13 particular Fort Myers store increased over 20-fold 14 from 2009 to 2011, the excessive order query was in 15 effect?</p> <p>16 A. Yes.</p> <p>17 Q. And it was in effect at the Jupiter 18 distribution center?</p> <p>19 A. It should have been, but I'm not 100% 20 sure if they were using it.</p> <p>21 Q. It was in effect at all distribution 22 centers, correct?</p> <p>23 A. Yes.</p> <p>24 Q. Whether anything flagged or popped or</p>	<p>1 A. Yes, that's what the chart says.</p> <p>2 Q. And quick math, would you agree with me 3 that's about a 2-1/2-fold increase, maybe a little 4 bit more?</p> <p>5 A. Sounds about right.</p> <p>6 Q. And at this point in time, that 7 excessive order query had already been implemented, 8 correct?</p> <p>9 A. It was implemented.</p> <p>10 Q. Do you see that according to this chart, 11 that the following year, in 2011, that same store 12 in Oviedo, Florida was shipped 1.6 million dosage 13 units of oxycodone by Walgreens.</p> <p>14 Do you see that?</p> <p>15 A. Yes.</p> <p>16 Q. Would you agree with me that low-balling 17 it, that's at least a 16-fold increase?</p> <p>18 A. Yeah. It looks that way from the chart.</p> <p>19 Q. Okay. I show you what I'm going to mark 20 as Peterson 2.</p> <p>21 (WHEREUPON, a certain document was 22 marked as Walgreens-Peterson 23 Exhibit No. 2: 5/30/13 e-mail 24 string; WAGMDL00583296 - 00583301.)</p>

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<p>1 BY MR. GADDY:</p> <p>2 Q. This is P-WAG-2069. And, Mr. Peterson, 3 if you don't mind, I'm going to use the Bates 4 number on the bottom right-hand corner. Turn to 5 the page that ends 99.</p> <p>6 Are you with me?</p> <p>7 A. Yes.</p> <p>8 Q. And I'm going to start about a third of 9 the way down the page. Do you see an e-mail from 10 Denman Murray to John Merritello?</p> <p>11 A. Yes.</p> <p>12 Q. Can you tell me who Denman Murray is?</p> <p>13 A. He worked at Walgreens. I don't 14 remember the department he was in at that time.</p> <p>15 Q. Did you report to him or he report to 16 you or anything in that form or fashion?</p> <p>17 A. No. We did not report to each other.</p> <p>18 Q. He was not in IT?</p> <p>19 A. He was not in IT. He was in business.</p> <p>20 Q. Do you know what function he served in 21 the business?</p> <p>22 A. I don't remember back then.</p> <p>23 Q. Okay. What about John Merritello?</p> <p>24 A. I know John, yes.</p>	<p>1 A. No.</p> <p>2 Q. What about Steve Bamberg?</p> <p>3 A. Yes, I know Steve Bamberg.</p> <p>4 Q. Is Steve Bamberg in IT?</p> <p>5 A. Yes, Steve is in IT.</p> <p>6 Q. Describe for me, please, the 7 relationship between you and Steve Bamberg as far 8 as where you all would look on an organizational 9 chart of the IT department.</p> <p>10 A. He -- he works on the store systems. I 11 work on the distribution systems.</p> <p>12 Q. What's the difference?</p> <p>13 A. Stores have their own AS400 and their 14 own set of code that runs ordering, runs the system 15 for the stores. Distribution has its own AS400 and 16 runs code that processes for the distribution 17 center.</p> <p>18 Q. Do those two functions, stores and 19 distribution, sometimes overlap?</p> <p>20 A. Yes.</p> <p>21 Q. All right. Let's look at the e-mail 22 Denny writes to John. He says, "First fire of the 23 week. We need to turn off all C2 through 5 24 ordering for the six stores that lost their</p>
<p style="text-align: center;">Page 59</p> <p>1 Q. Does John work in IT?</p> <p>2 A. No, he does not.</p> <p>3 Q. Where does he work?</p> <p>4 A. He's on the business side.</p> <p>5 Q. Okay. Do you know what his function is 6 on the business side?</p> <p>7 A. I don't remember.</p> <p>8 Q. Do you still work with John from time to 9 time?</p> <p>10 A. No.</p> <p>11 Q. Copied on this individual is Brian 12 Eliff, Barb Martin and Steve Bamberg.</p> <p>13 Do you see that?</p> <p>14 A. Yes.</p> <p>15 Q. Do you know Brian?</p> <p>16 A. No, I do not.</p> <p>17 Q. Do you know Barb Martin?</p> <p>18 A. I know who she is, yes.</p> <p>19 Q. How do you know Barb Martin?</p> <p>20 A. She works on the business side.</p> <p>21 Q. Do you know what she does on the 22 business side?</p> <p>23 A. No. I'm not 100% sure.</p> <p>24 Q. Do you ever interact with Barb Martin?</p>	<p style="text-align: center;">Page 61</p> <p>1 licenses. Then remove any 2 through 5 ordering 2 restrictions on the other stores."</p> <p>3 Do you see that?</p> <p>4 A. Yes.</p> <p>5 Q. Does that mean anything to you as you 6 read it right here?</p> <p>7 A. No.</p> <p>8 Q. Okay. If you'd flip to the -- flip two 9 pages backwards. We're going to go to Bates 10 No. ending 97 on the bottom right-hand corner.</p> <p>11 A. Yes.</p> <p>12 Q. Do you see about a third of the way down 13 the page you've been brought into the loop here?</p> <p>14 A. Yes.</p> <p>15 Q. Okay. And this is an e-mail from John 16 Merritello to you, correct?</p> <p>17 A. Yes.</p> <p>18 Q. And this is -- the date of this e-mail 19 is May 30 of 2013?</p> <p>20 A. Yes.</p> <p>21 Q. And this is -- I guess we had been 22 looking at this document this morning, the 23 Settlement Agreement and the Order to Show Cause, 24 and we saw that was from September of 2012. Do you</p>

<p style="text-align: right;">Page 62</p> <p>1 remember that?</p> <p>2 A. Yes.</p> <p>3 Q. So, this is several months after that</p> <p>4 initial DEA action, correct?</p> <p>5 A. Yes.</p> <p>6 Q. Okay. And John says to you, "Just</p> <p>7 wanted to double-check to make sure we stopped</p> <p>8 processing control orders for the six stores listed</p> <p>9 above. They have lost their DEA registration. All</p> <p>10 of these stores are in Florida."</p> <p>11 Do you see that?</p> <p>12 A. I see it, yes.</p> <p>13 Q. Do you recall that there were stores in</p> <p>14 Florida that lost their DEA registration?</p> <p>15 A. I don't remember that, no.</p> <p>16 Q. Were you given any understanding by</p> <p>17 anybody at Walgreens as to why these different</p> <p>18 stores lost their DEA registrations?</p> <p>19 A. No.</p> <p>20 Q. If you'd look back for me to that chart</p> <p>21 we were just looking at in the first document, the</p> <p>22 thick one.</p> <p>23 A. Okay.</p> <p>24 Q. And compare the numbers in the subject</p>	<p style="text-align: right;">Page 64</p> <p>1 Q. Can you tell me -- tell us what that</p> <p>2 means?</p> <p>3 A. Our system will not ship any Rx item to</p> <p>4 a store without a DEA number.</p> <p>5 Q. Okay. So, you were -- what you were</p> <p>6 doing here is kind of similar to what you've</p> <p>7 described your role within Walgreens as being is</p> <p>8 you were given a project to implement by somebody</p> <p>9 with the business side and you're trying to</p> <p>10 implement that directive. Is that fair?</p> <p>11 A. Yes.</p> <p>12 Q. And the way that you're thinking of to</p> <p>13 implement that directive is to remove the DEA</p> <p>14 number from the -- what's the LDB?</p> <p>15 A. Location database file.</p> <p>16 Q. So, you're thinking if you can remove</p> <p>17 the DEA number for these stores from the location</p> <p>18 database file, that would prevent their ability to</p> <p>19 order controlled substances?</p> <p>20 A. It appears that was my thinking back</p> <p>21 then, yes.</p> <p>22 Q. So then you get a response from John</p> <p>23 above. He says he doesn't know. "Doug, in any</p> <p>24 event, we need to stop all orders."</p>
<p style="text-align: right;">Page 63</p> <p>1 line of the e-mail to the store numbers in the</p> <p>2 chart that we were just looking at and tell me</p> <p>3 whether or not they match.</p> <p>4 A. They match.</p> <p>5 Q. So, is it your understanding from</p> <p>6 looking at these two documents together that you</p> <p>7 were asked to -- to assist with shutting down the</p> <p>8 ability of these six stores, some of which we just</p> <p>9 talked about in detail, and you were asked to</p> <p>10 eliminate their ability to order controlled</p> <p>11 substances?</p> <p>12 MR. LEVINE: Objection to form, foundation.</p> <p>13 BY THE WITNESS:</p> <p>14 A. I don't remember being asked this,</p> <p>15 but...</p> <p>16 BY MR. GADDY:</p> <p>17 Q. Is that what the e-mail indicates?</p> <p>18 A. It certainly looks that way.</p> <p>19 Q. And if you turn to the first page of the</p> <p>20 e-mail, it looks like you respond to John and you</p> <p>21 ask him, "Were they planning on removing the DEA</p> <p>22 number from the LDB for these stores?"</p> <p>23 Do you see that?</p> <p>24 A. Yes.</p>	<p style="text-align: right;">Page 65</p> <p>1 Do you see that?</p> <p>2 A. Yes.</p> <p>3 Q. Do you recall whether or not you were</p> <p>4 able to shut down these six Walgreens stores that</p> <p>5 had lost their DEA registration and prevent them</p> <p>6 from ordering controlled substances?</p> <p>7 A. I don't remember, no.</p> <p>8 Q. Would that be consistent with kind of</p> <p>9 your history at Walgreens that you're asked to</p> <p>10 implement a task or a solution and that you keep</p> <p>11 working on it until you get it done?</p> <p>12 A. That would be my job description, yes.</p> <p>13 Q. I'm going to show you what we are going</p> <p>14 to mark as Peterson 3. P-WAG-2070.</p> <p>15 (WHEREUPON, a certain document was</p> <p>16 marked as Walgreens-Peterson</p> <p>17 Exhibit No. 3: 5/28/13 e-mail</p> <p>18 string; WAGMDL00585822 - 00585825.)</p> <p>19 BY MR. GADDY:</p> <p>20 Q. And I will represent to you this is a</p> <p>21 similar e-mail chain that we were -- to the one</p> <p>22 that we were just looking at. It just kind of</p> <p>23 spins in a different direction, and we get another</p> <p>24 response that wasn't included in the last one.</p>

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<p>1 But if you look at the bottom of that</p> <p>2 first page, do you see the e-mail from Denny that</p> <p>3 we looked at just a few minutes ago?</p> <p>4 A. Yes.</p> <p>5 Q. Saying, "We need to turn off all C2s</p> <p>6 through 5s for the six stores that lost their</p> <p>7 licenses," correct?</p> <p>8 A. Yes.</p> <p>9 Q. We now understand that to be the six</p> <p>10 stores that we -- some of which we just explored in</p> <p>11 detail in the Order to Show Cause that was issued</p> <p>12 to Jupiter by the -- to Walgreens Jupiter</p> <p>13 distribution center by the DEA, correct?</p> <p>14 MR. LEVINE: Objection; lacks foundation.</p> <p>15 BY THE WITNESS:</p> <p>16 A. I believe so, yes.</p> <p>17 BY MR. GADDY:</p> <p>18 Q. And at the top of the page we get a</p> <p>19 response to that e-mail from Steve Bamberg,</p> <p>20 correct?</p> <p>21 A. Yes.</p> <p>22 Q. And Steve writes -- and it looks like he</p> <p>23 has included you in the "To" line here, correct?</p> <p>24 A. Yes.</p>	<p>1 looked at, you talked about removing -- the option</p> <p>2 of removing the DEA code or the DEA registration</p> <p>3 number from the database, right?</p> <p>4 A. Yes.</p> <p>5 Q. Would that have stopped the auto</p> <p>6 ordering?</p> <p>7 A. It wouldn't have stopped the auto</p> <p>8 ordering, no.</p> <p>9 Q. Would that have stopped the manual</p> <p>10 ordering?</p> <p>11 A. Yes, it would have.</p> <p>12 Q. So, there were a couple of different</p> <p>13 solutions that were needed to prevent these six</p> <p>14 stores who lost their DEA registration, these six</p> <p>15 Walgreens stores, from getting any controlled</p> <p>16 drugs, correct?</p> <p>17 A. That is what it appears.</p> <p>18 Q. And from looking back at these now, and</p> <p>19 I understand these documents are five or six years</p> <p>20 old, but looking back at these now, you recall that</p> <p>21 you were involved in implementing solutions to make</p> <p>22 sure that these six Walgreens stores did not get</p> <p>23 any more controlled drugs?</p> <p>24 A. Honestly, I don't remember these six</p>
Page 67	Page 69
<p>1 Q. This is 5/28/13?</p> <p>2 A. Yes.</p> <p>3 Q. It says, "Is there a way at the DC to</p> <p>4 prevent certain stores from ordering any controlled</p> <p>5 drugs?"</p> <p>6 Do you see that?</p> <p>7 A. Yes.</p> <p>8 Q. It wasn't just C-IIs that these stores</p> <p>9 couldn't get anymore. They couldn't get controlled</p> <p>10 III, controlled IVs or controlled Vs anymore,</p> <p>11 correct?</p> <p>12 A. That's what it appears, yes.</p> <p>13 Q. He says, "We have six stores that need</p> <p>14 to be shut off. We are turning off auto ordering</p> <p>15 in these stores for these items, but that is not</p> <p>16 100 percent since the stores can manually order,</p> <p>17 too. Please advise."</p> <p>18 Do you see that?</p> <p>19 A. Yes.</p> <p>20 Q. Does that e-mail make sense? Do you</p> <p>21 understand what he is talking about there?</p> <p>22 A. Reading the e-mail, yes, I have an idea</p> <p>23 of what he is talking about, yes.</p> <p>24 Q. Okay. In the previous e-mail that we</p>	<p>1 stores other than reading these e-mails.</p> <p>2 Q. But from looking at the e-mails, you</p> <p>3 understand and you're confident that you assisted</p> <p>4 in preventing these six Walgreens stores from</p> <p>5 ordering any more controlled substances from</p> <p>6 Walgreens distribution centers, correct?</p> <p>7 A. Me or my team was involved, yes.</p> <p>8 MR. GADDY: Mark, I'm changing topics. Do you</p> <p>9 want to keep going?</p> <p>10 MR. LEVINE: Do you want to take a break?</p> <p>11 THE WITNESS: We can take a break.</p> <p>12 MR. LEVINE: Okay.</p> <p>13 THE VIDEOGRAPHER: We are going off the record</p> <p>14 at 10:04.</p> <p>15 (WHEREUPON, a recess was had</p> <p>16 from 10:04 to 10:16 a.m.)</p> <p>17 THE VIDEOGRAPHER: We're back on the record at</p> <p>18 10:16.</p> <p>19 BY MR. GADDY:</p> <p>20 Q. Mr. Peterson, we just spent a little bit</p> <p>21 of time this morning talking about a DEA</p> <p>22 investigation into the Jupiter distribution center</p> <p>23 of Walgreens, correct?</p> <p>24 A. Yes.</p>

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<p>1 Q. Do you also recall there being a DEA 2 investigation into Walgreens Perrysburg 3 distribution center?</p> <p>4 A. No, I don't recall that.</p> <p>5 Q. Do you recall being involved in some 6 Perrysburg meetings from time to time revolving 7 around moving product and rerouting orders that 8 originally came from the Perrysburg distribution 9 center?</p> <p>10 A. I don't remember any, no, not off the 11 top of my head.</p> <p>12 Q. Okay. I'm going to show you what I'll 13 mark as Peterson No. 4 and see if we can refresh 14 your memory. This is going to be P-WAG-2046. 15 (WHEREUPON, a certain document was 16 marked as Walgreens-Peterson 17 Exhibit No. 4: 2/12/13 e-mail 18 string; WAGMDL478056 - 00478057.)</p> <p>19 BY MR. GADDY:</p> <p>20 Q. And we are going to flip to the second 21 page, please, Mr. Peterson. And do you see there 22 is just a single e-mail on this page and it's an 23 e-mail from Sue Thoss.</p> <p>24 Do you see that?</p>	<p>1 Perrysburg?</p> <p>2 A. Based on this e-mail, yeah, I can see 3 that.</p> <p>4 Q. Okay. The e-mail goes on to say, "If 5 that happens for C-II, the only alternative is to 6 utilize a wholesaler." It says, "Due to the 7 volume, there is a large concern manually handling 8 the 222 forms. We believe there will be a need to 9 get the CSOS (the controlled substance ordering 10 system) up pretty quickly."</p> <p>11 Do you see that?</p> <p>12 A. Yes.</p> <p>13 Q. After looking at this e-mail, do you 14 remember that you had some involvement in assisting 15 with this task or solution that you were asked to 16 assist with or to implement as far as moving or 17 shifting some orders around that originally came 18 from the Perrysburg distribution center?</p> <p>19 A. I don't remember it, no.</p> <p>20 Q. Okay. But you see here in the first 21 sentence that Sue told you that the DEA came into 22 Perrysburg with subpoenas, correct?</p> <p>23 A. Yes, that's what the document says, yes.</p> <p>24 Q. Do you recall anybody at Walgreens ever</p>
Page 71	Page 73
<p>1 A. Yes.</p> <p>2 Q. And this e-mail was sent on Monday, 3 February 11, and you were one of the individuals 4 cc'd on this e-mail, correct?</p> <p>5 A. Yes.</p> <p>6 Q. Other folks on the e-mail were Brian 7 Amend who I think you indicated was your report?</p> <p>8 A. Yes.</p> <p>9 Q. Also Steve Bamberg who we've talked 10 about a little bit?</p> <p>11 A. Yes.</p> <p>12 Q. Okay. And let's read the e-mail that 13 you got from Sue. It says, "Last week the DEA came 14 into Perrysburg with subpoenas looking at records 15 for suspicious drug ordering dating back to 16 February 2011."</p> <p>17 Do you see that?</p> <p>18 A. Yes.</p> <p>19 Q. It says, "We believe they could lock 20 Perrysburg up and not allow us to ship from there."</p> <p>21 Did I read that right?</p> <p>22 A. Yes.</p> <p>23 Q. Looking at this now, does that refresh 24 your memory that there was a DEA investigation into</p>	<p>1 telling you what the subpoenas were looking for?</p> <p>2 A. No.</p> <p>3 Q. Did anybody tell you about an 4 administrative warrant being signed by a judge to 5 allow the DEA to go into the Perrysburg 6 distribution center?</p> <p>7 A. No.</p> <p>8 Q. Did you have any task or duties related 9 to pulling data or information, whether it's from a 10 computer system or an IT system or in hard copy, in 11 response to subpoenas to give that information to 12 the DEA? Did you have any involvement in that that 13 you remember?</p> <p>14 A. Not that I remember, no.</p> <p>15 Q. I'm going to show you what I will mark 16 as Peterson Exhibit No. 5.</p> <p>17 (WHEREUPON, a certain document was 18 marked as Walgreens-Peterson 19 Exhibit No. 5: Administrative 20 Inspection Warrant; WAGMDL00493697 21 - 00493700.)</p> <p>22 BY MR. GADDY:</p> <p>23 Q. And the first thing we'll do on this one 24 is turn to the last page to get the date of the</p>

<p style="text-align: right;">Page 74</p> <p>1 document.</p> <p>2 MR. GADDY: This is P-WAG-15, Roderrick.</p> <p>3 BY MR. GADDY:</p> <p>4 Q. Sorry. Let's start on the first page.</p> <p>5 Do you see at the top of the document it</p> <p>6 says, "In the United States District Court for the</p> <p>7 Northern District of Ohio, Western Division"?</p> <p>8 Do you see that?</p> <p>9 A. Yes, I do.</p> <p>10 Q. And in the left-hand portion of the</p> <p>11 heading, it says, "In the Matter of the</p> <p>12 Administrative Inspection of Walgreens</p> <p>13 Corporation," in Perrysburg, Ohio.</p> <p>14 Do you see that?</p> <p>15 A. Yes, I see it on the document.</p> <p>16 Q. And that's the -- that's a location</p> <p>17 where Walgreens had a controlled substance</p> <p>18 distribution center, correct?</p> <p>19 A. Yes.</p> <p>20 Q. And if you go to the right-hand side of</p> <p>21 the heading, you see it has a number stamped on the</p> <p>22 page, it indicates the identity of the magistrate</p> <p>23 judge, and then it also indicates this is an</p> <p>24 Administrative Inspection Warrant.</p>	<p style="text-align: right;">Page 76</p> <p>1 BY THE WITNESS:</p> <p>2 A. It appears that way.</p> <p>3 BY MR. GADDY:</p> <p>4 Q. Okay. Let's go back to the first page,</p> <p>5 and I'm just going to start at the body right there</p> <p>6 after "To."</p> <p>7 Do you see that?</p> <p>8 A. Yes.</p> <p>9 Q. It says this is to "Wayne Groves,</p> <p>10 Diversion Investigator and any other authorized</p> <p>11 Diversion Investigator Or Special agent of the Drug</p> <p>12 Enforcement Administration of the United States</p> <p>13 Department of Justice."</p> <p>14 Do you see that?</p> <p>15 A. Yes.</p> <p>16 Q. It goes on to say, "Application having</p> <p>17 been made and probable cause, as defined by the</p> <p>18 provisions of" certain codes and certain</p> <p>19 regulations, "having been shown by the affidavit of</p> <p>20 Wayne Groves for an inspection of the controlled</p> <p>21 premises of Walgreens Corporation in Perrysburg,</p> <p>22 Ohio, it appears that such inspection is</p> <p>23 appropriate under 21 USC Section 880."</p> <p>24 Do you see that?</p>
<p style="text-align: right;">Page 75</p> <p>1 Do you see that?</p> <p>2 A. Yes, I see it on the document.</p> <p>3 Q. And then let's just quickly turn to the</p> <p>4 last page of the document. And do you see at the</p> <p>5 bottom of the page you have the signature of the</p> <p>6 magistrate judge?</p> <p>7 Do you see that?</p> <p>8 A. Yes, I see it on the document.</p> <p>9 Q. And we see that it's dated February 5,</p> <p>10 2013, right?</p> <p>11 A. Yes.</p> <p>12 Q. And we just looked at that e-mail from</p> <p>13 Sue where she was telling you about the DEA coming</p> <p>14 in with subpoenas. You recall that that was about</p> <p>15 a week after this February 5th date? You can look</p> <p>16 back at that e-mail.</p> <p>17 A. Can I?</p> <p>18 Q. Sure.</p> <p>19 A. Yes, it is.</p> <p>20 Q. So, about a week after this</p> <p>21 administrative warrant was signed by a federal</p> <p>22 magistrate, you got the e-mail from Sue telling you</p> <p>23 about the DEA subpoenas, correct?</p> <p>24 MR. LEVINE: Objection; lacks foundation.</p>	<p style="text-align: right;">Page 77</p> <p>1 A. Yes, I see that on the document.</p> <p>2 Q. Other than the notification that you</p> <p>3 received in that e-mail that we just looked at a</p> <p>4 minute ago from Sue that DEA had come into</p> <p>5 Perrysburg with subpoenas, were you ever given any</p> <p>6 additional information from Walgreens about the</p> <p>7 reasoning behind DEA coming into Perrysburg with</p> <p>8 subpoenas?</p> <p>9 A. No, I was not.</p> <p>10 Q. It goes on to say in paragraph 2, it</p> <p>11 says, "Pursuant to the provisions" of a certain</p> <p>12 code "you are hereby authorized to enter the</p> <p>13 above-described premises within business hours,</p> <p>14 which includes night shift hours, for the following</p> <p>15 purposes."</p> <p>16 Do you see that?</p> <p>17 A. Yes.</p> <p>18 Q. And if you flip the page, it says, "To</p> <p>19 inspect and copy records, reports, files, official</p> <p>20 order forms, and other documents required to be</p> <p>21 made, kept and maintained under the provisions of</p> <p>22 the Controlled Substance Act."</p> <p>23 Do you see that?</p> <p>24 A. Yes, I see that in the document, yes.</p>

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<p>1 Q. In your role with logistics and IT, do 2 you have an understanding of the requirements that 3 relate to Walgreens under the Controlled Substance 4 Act?</p> <p>5 A. No, I do not.</p> <p>6 Q. It goes on to say that the purpose -- 7 the DEA is allowed to do this "for the purpose of 8 verifying that said records, reports, files, 9 official order forms, other documents and 10 controlled substances are properly kept and 11 maintained for the time period of 2/1/11, beginning 12 of business, through 2/5/13 close of business."</p> <p>13 Do you see that?</p> <p>14 A. Yes, I see that in the document.</p> <p>15 Q. It goes on to say that the DEA has the 16 ability "to inspect in a reasonable manner and to a 17 reasonable extent, including the collection of 18 samples if necessary, all pertinent equipment, 19 finished and unfinished controlled substances, 20 containers, and labeling found therein."</p> <p>21 Do you see that?</p> <p>22 A. Yes.</p> <p>23 Q. And if we go -- I'm not going to read 24 every line of this. But if you go, flip a page to</p>	<p>1 Do you see that?</p> <p>2 A. Yes.</p> <p>3 Q. Also, "B, all records pertaining to the 4 filing of suspicious order reports with the local 5 field division office of DEA pursuant to 21 CFR 6 1301.74(b) as well as records pertaining to a 7 distributor maintaining effective controls against 8 diversion pursuant to 21 USC Section 823(e) from 9 the period of 2/1/11 through 2/5/13."</p> <p>10 Do you see that?</p> <p>11 A. Yes, I see that in the document.</p> <p>12 Q. I think I asked you earlier if any of 13 your tasks or duties during your time at Walgreens 14 ever involved suspicious order reports and you told 15 me no, is that correct?</p> <p>16 A. Yes, that is correct.</p> <p>17 Q. Did any of your tasks or duties during 18 your time at Walgreens involve, as far as you 19 understand, the maintenance of effective controls 20 against diversion?</p> <p>21 A. No.</p> <p>22 Q. Do you understand or do you have an 23 understanding of what the term "diversion" means as 24 it relates to controlled substances?</p>
<p style="text-align: center;">Page 79</p> <p>1 the bottom of page 3, there is a paragraph that 2 starts 4, the number 4?</p> <p>3 A. Yes.</p> <p>4 Q. Sorry. It says, "You are hereby further 5 authorized to remove for copying from the 6 above-described controlled premises the following 7 records, reports, documents, files and inventories, 8 including computerized records, as are appropriate 9 and necessary to the effective accomplishment of 10 the inspection."</p> <p>11 Do you see that?</p> <p>12 A. I see that in the document, yes.</p> <p>13 Q. Do you see there it talks about 14 computerized records? Were you asked to pull 15 anything in response to this investigative warrant 16 to turn over to the DEA that you recall?</p> <p>17 MR. LEVINE: Objection to form.</p> <p>18 BY THE WITNESS:</p> <p>19 A. Not that I was -- not that I remember.</p> <p>20 BY MR. GADDY:</p> <p>21 Q. It says the DEA is allowed to go in and 22 make copies of, "A, all other records which refer 23 to or relate to the distribution of controlled 24 substances."</p>	<p style="text-align: center;">Page 81</p> <p>1 A. I would guess the diverting of 2 controlled substance, but I'm not sure.</p> <p>3 Q. Okay. That's fine. I just want to get 4 your understanding.</p> <p>5 Did anybody at Walgreens ever -- ever 6 give you any training or education about what 7 diversion of controlled substance meant during -- 8 during -- ever at your time at Walgreens?</p> <p>9 A. No. Wouldn't be necessary for my job.</p> <p>10 Q. Because you just take orders from 11 business folks?</p> <p>12 A. Yes.</p> <p>13 Q. And get asked to implement systems?</p> <p>14 A. And then we implement programs too.</p> <p>15 Q. And are you aware of either yourself, 16 your team since you've been a manager or any of the 17 other IT -- any of the other IT teams who have been 18 asked to implement any programs or solutions 19 regarding around maintaining effective controls 20 against diversion of controlled substances?</p> <p>21 MR. LEVINE: Objection; foundation.</p> <p>22 BY THE WITNESS:</p> <p>23 A. I'm not aware of any of that.</p> <p>24 BY MR. GADDY:</p>

<p style="text-align: right;">Page 82</p> <p>1 Q. Mr. Peterson, I'm going to show you what 2 I'm going to mark as Exhibit No. 6. And do you 3 see -- and this is P-WAG-16.</p> <p>4 (WHEREUPON, a certain document was 5 marked Walgreens-Peterson Exhibit 6 No. 6: U.S. DOJ/DEA Subpoenas; 7 WAGMDL00493694 - 00493718.)</p> <p>8 BY MR. GADDY:</p> <p>9 Q. Do you see at the top of the first 10 page that this is -- it says, "U.S. Department of 11 Justice Drug/Enforcement Administration, Subpoena." 12 Do you see that?</p> <p>13 A. Yes, I do.</p> <p>14 Q. And you recall in that e-mail from Sue, 15 I don't think she mentioned the warrant that we 16 just looked at, but she talked about the DEA coming 17 in with subpoenas, correct?</p> <p>18 A. I just want to... 19 Yes.</p> <p>20 Q. And I'll represent to you here that 21 there are several subpoenas and they are all 22 stapled together in one exhibit and we're just 23 going to flip through them and look at a couple of 24 different subpoenas. Okay?</p>	<p style="text-align: right;">Page 84</p> <p>1 hereinafter set forth."</p> <p>2 Do you see that?</p> <p>3 A. Yes, I see that.</p> <p>4 Q. And then if we get down to the next 5 paragraph, do you see that it starts to describe 6 the documents and records that Walgreens is 7 required to produce to the DEA?</p> <p>8 A. Yes.</p> <p>9 Q. And about the third line down it says, 10 the first set here, the first subpoena applies to 11 "any and all written and electronic records and 12 correspondence regarding the sale and purchase of 13 controlled substances between 2/1/11 and 2/5/13." 14 Do you see that?</p> <p>15 A. Yes.</p> <p>16 Q. As you continue to go down, the next 17 sentence says, "Also provide all standard operating 18 procedures relating to controlled substances and 19 ordering systems, controlled substance ordering 20 thresholds, and system and written procedures for 21 overriding or editing of controlled substances 22 ordered" -- "ordering thresholds by any Walgreens 23 Corporation component."</p> <p>24 Do you see that?</p>
<p style="text-align: right;">Page 83</p> <p>1 A. Okay.</p> <p>2 Q. Do you see on still kind of up in the 3 heading you see there is a "To" line as far as who 4 this subpoena is issued to?</p> <p>5 A. Yes.</p> <p>6 Q. And it's issued to Walgreens 7 Corporation?</p> <p>8 A. Yes, that's what the document says, yes.</p> <p>9 Q. And it indicates it goes to the 10 custodian of records at 28727 Oregon Road, 11 Perrysburg, Ohio. Do you see that?</p> <p>12 A. Yes.</p> <p>13 Q. And that's where one of Walgreens' 14 controlled substance distribution centers was?</p> <p>15 A. Yes.</p> <p>16 Q. And we'll only read this first section 17 in this first subpoena, but it says, "Greeting: By 18 the service of this subpoena upon you by DI Wayne 19 Groves who is authorized to serve it, you are 20 hereby commanded and required to appear before" I 21 believe that's "Diversion Investigator Groves, an 22 officer of the DEA, to give testimony and to bring 23 with you and produce for examination the following 24 books, records and papers at the time and place</p>	<p style="text-align: right;">Page 85</p> <p>1 A. Yes.</p> <p>2 Q. And if you flip for me three pages to 3 the Bates number ending 701, do you see another 4 subpoena?</p> <p>5 A. Yes.</p> <p>6 Q. And the heading looks to be identical, 7 right, as far as it's a subpoena from the U.S. 8 Department of Justice/DEA and it's directed to 9 Walgreens at Perrysburg, correct?</p> <p>10 A. Yes, it is.</p> <p>11 Q. And if we look at that middle body 12 paragraph where we see what exactly the DEA is 13 asking for, it says, "All written and electronic 14 correspondence of suspicious controlled substance 15 orders."</p> <p>16 Do you see that?</p> <p>17 A. Yes.</p> <p>18 Q. If we flip three more pages to the 19 Bates No. ending 704, do you see another subpoena?</p> <p>20 A. Yes, I do.</p> <p>21 Q. And, again, the heading is identical as 22 far as the subpoena from the DEA directed to the 23 Perrysburg, Ohio Walgreens distribution center?</p> <p>24 A. Yes, it looks the same, yes.</p>

<p style="text-align: right;">Page 86</p> <p>1 Q. And it looks like here, if we go to that 2 middle body paragraph again, the second paragraph 3 in the body, what they're asking for here, it looks 4 like "any and all original security camera and 5 video monitoring system recordings of the 6 distribution center."</p> <p>7 Do you see that?</p> <p>8 A. Yes, I do.</p> <p>9 Q. Do you recall anybody at Walgreens 10 talking to you about any of these subpoenas or the 11 different records that were requested by the DEA?</p> <p>12 MR. LEVINE: Objection; foundation.</p> <p>13 BY THE WITNESS:</p> <p>14 A. No, I have no recollection of that.</p> <p>15 BY MR. GADDY:</p> <p>16 Q. Do you know whether that did or didn't 17 happen?</p> <p>18 A. They would not have discussed it with 19 me. It's not something I would need to know.</p> <p>20 Q. If we skip three more pages, we come to 21 yet another subpoena from the DEA. Is that 22 correct?</p> <p>23 A. Is that 707 page? Yes.</p> <p>24 Q. Yes, sir. Thank you.</p>	<p style="text-align: right;">Page 88</p> <p>1 A. Yes, I do.</p> <p>2 Q. Then it looks like the last one is going 3 to be on 6 -- ending 716. And do you see this as 4 being yet another subpoena that was issued by the 5 DEA to Walgreens' distribution center?</p> <p>6 A. Yes.</p> <p>7 Q. Okay. And let's go again to that body 8 paragraph, the second paragraph in the body, and 9 what they're looking for here is "any and all 10 e-mail communications, written correspondence, 11 notes and any other records of communication 12 occurring between 9/1/12 and 2/6/13 regarding 13 controlled substances of which were sent or 14 received by employees, contractors, agents, 15 et cetera of the Walgreens Corporation."</p> <p>16 Do you see that?</p> <p>17 A. Yes, I do.</p> <p>18 Q. At any point in time in response to 19 these subpoenas that were received by Walgreens 20 from the DEA or I should say served on Walgreens by 21 the DEA, did anybody at Walgreens come and ask you 22 about the excessive order queries that you had 23 designed the program for?</p> <p>24 A. Not that I remember.</p>
<p style="text-align: right;">Page 87</p> <p>1 A. Okay.</p> <p>2 Q. And, again, the top in the heading of 3 the subpoena is identical to the other ones we've 4 looked at?</p> <p>5 A. Yes.</p> <p>6 Q. And here in the body of the second 7 paragraph, it's looking for "documentation stating 8 daily sales reports of all controlled substance 9 shipments, identified per day and customer."</p> <p>10 Do you see that?</p> <p>11 A. Yes, I do.</p> <p>12 Q. The daily sales report, is that anything 13 that you had involvement in as it relates to 14 controlled substances during your time in supply 15 chain and logistics?</p> <p>16 A. No.</p> <p>17 Q. If you go, turn three more pages to the 18 one ending in 710, do you see yet another subpoena?</p> <p>19 A. Yep, I see that.</p> <p>20 Q. And this subpoena from the DEA to 21 Perrysburg Walgreens distribution center looks for 22 "the actual physical inventory counts of all 23 controlled substances that are on hand."</p> <p>24 Do you see that?</p>	<p style="text-align: right;">Page 89</p> <p>1 Q. Do you recall anybody asking you for any 2 criteria or information about the excessive order 3 query that you wrote?</p> <p>4 A. Not that I remember.</p> <p>5 Q. I'm going to show you what I'm going to 6 mark as Peterson 7. This is P-WAG-2055. (WHEREUPON, a certain document was marked as Walgreens-Peterson Exhibit No. 7: 2/18/13 e-mail; WAGMDL00524429 - 00524430.)</p> <p>7 BY MR. GADDY:</p> <p>8 Q. Do you see that this -- it looks like an 9 e-mail, but appears to be a meeting invitation. 10 And let's just start at the top of the page. It's 11 from Vinayak Pandit. Did I say that right?</p> <p>12 A. Vinayak.</p> <p>13 Q. Vinayak. Pinayak?</p> <p>14 A. Vinayak.</p> <p>15 Q. Vinayak. Thank you.</p> <p>16 And this was from February 18, 2013, 17 correct?</p> <p>18 A. Yes.</p> <p>19 Q. And I think we just looked at that 20 warrant that was issued on February, I believe it</p>

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<p>1 was 4th or 5th. Does that sound right?</p> <p>2 A. I think so, yes.</p> <p>3 Q. Okay. And you had also gotten the</p> <p>4 e-mail from Sue I think on February 11. Does that</p> <p>5 sound right?</p> <p>6 A. That sounds about right, yes.</p> <p>7 Q. This is about a week after that?</p> <p>8 A. Yes.</p> <p>9 Q. About a week after Sue's alerted you</p> <p>10 that Walgreens' Perrysburg distribution center was</p> <p>11 served with subpoenas, correct?</p> <p>12 A. Yes.</p> <p>13 Q. Okay. And if we look at this e-mail</p> <p>14 from Vinayak, and you look about a third of the way</p> <p>15 down the "To" block there in the middle of the</p> <p>16 page, do you see your name, Doug Peterson?</p> <p>17 A. Oh, in the "To," yes. Yes, I do.</p> <p>18 Q. So, this was an e-mail that you</p> <p>19 received, correct?</p> <p>20 A. It appears I did, yes.</p> <p>21 Q. Okay.</p> <p>22 A. I don't remember it, but...</p> <p>23 Q. And if you go down two lines, on the</p> <p>24 left-hand side you see John Merritello, two down</p>	<p>1 point it says, "Perrysburg will continue to pick</p> <p>2 what they can until the DEA comes and shuts them</p> <p>3 down."</p> <p>4 Do you see that?</p> <p>5 A. Yes, I see that in the document.</p> <p>6 Q. Okay. Do you recall receiving this</p> <p>7 e-mail from Vinayak about the Perrysburg plan?</p> <p>8 A. No, I don't recall it.</p> <p>9 Q. Do you recall attending any meetings</p> <p>10 about the Perrysburg plan related to the DEA coming</p> <p>11 into the Perrysburg distribution center and</p> <p>12 planning on shutting them down?</p> <p>13 A. No, I don't recall any of those.</p> <p>14 Q. Okay. The next heading is "C3 through</p> <p>15 C5"?</p> <p>16 A. Yes.</p> <p>17 Q. And it says for -- let me ask you this.</p> <p>18 When it said "C2," you understand that</p> <p>19 to mean Schedule II controlled substances?</p> <p>20 A. Yes.</p> <p>21 Q. And when we see "C3 through C5," you</p> <p>22 understand that to mean Schedules III through V</p> <p>23 controlled substances?</p> <p>24 A. Yes.</p>
<p>1 from you?</p> <p>2 A. Yes.</p> <p>3 Q. And two below John, do you see Steve</p> <p>4 Bamberg is also on the "To" line there?</p> <p>5 A. Yes.</p> <p>6 Q. And if you go a couple down on the right</p> <p>7 side of the page, do you see Denny Murray also?</p> <p>8 A. Yes.</p> <p>9 Q. Looks like just to the right of you, we</p> <p>10 see Sue Thoss. Correct?</p> <p>11 A. Yes.</p> <p>12 Q. And Sue is the one who had originally</p> <p>13 sent you the notification that the DEA had come</p> <p>14 into the Perrysburg distribution center with</p> <p>15 subpoenas, right?</p> <p>16 A. Yes. That was the e-mail, yes.</p> <p>17 Q. Okay. And what's the subject of this</p> <p>18 meeting?</p> <p>19 A. The document reads, "Perrysburg Plan -</p> <p>20 week of 2/18."</p> <p>21 Q. And the first I guess header in this</p> <p>22 e-mail says "C2," correct?</p> <p>23 A. Yes.</p> <p>24 Q. And below that in that first bullet</p>	<p>1 Q. Let me ask you one more question about</p> <p>2 the first bullet point under "C2." It says,</p> <p>3 "Perrysburg will continue to pick what they can."</p> <p>4 What does that mean to you?</p> <p>5 Specifically I'm interested in the term "pick."</p> <p>6 A. Pick means they are fulfilling store</p> <p>7 orders.</p> <p>8 Q. Okay. So, at this point in time, we</p> <p>9 know that it's been approximately two weeks since</p> <p>10 the DEA served the Perrysburg distribution center</p> <p>11 with a subpoena, right?</p> <p>12 MR. LEVINE: Objection; lacks foundation.</p> <p>13 BY THE WITNESS:</p> <p>14 A. Yes, it appears that way.</p> <p>15 BY MR. GADDY:</p> <p>16 Q. Okay. And in this e-mail from Vinayak</p> <p>17 talking about the Perrysburg plan, he indicates</p> <p>18 that "Perrysburg will continue to pick," which you</p> <p>19 say means fill orders from the store, "until the</p> <p>20 DEA comes in and shuts them down," is that right?</p> <p>21 A. That's what it reads in the document,</p> <p>22 yes.</p> <p>23 Q. The next section that I had started on</p> <p>24 was "C3 through C5," and we established that means</p>

<p style="text-align: right;">Page 94</p> <p>1 Schedule III to V controlled substances, correct?</p> <p>2 A. Yes.</p> <p>3 Q. And it says, "Perrysburg will make all</p> <p>4 the quantity unavailable."</p> <p>5 Do you see that?</p> <p>6 A. Yes.</p> <p>7 Q. And in the next bullet point it goes on</p> <p>8 to say "ISE." What's ISE mean?</p> <p>9 A. Information system -- what is it? We</p> <p>10 call it -- I always call it information system</p> <p>11 engineers.</p> <p>12 Q. Is that software or computer program?</p> <p>13 A. It's just a name. It's a fancy name for</p> <p>14 a programmer.</p> <p>15 Q. Okay. So, that refers to a person or a</p> <p>16 position?</p> <p>17 A. In this -- in this one it's position,</p> <p>18 yes.</p> <p>19 Q. Okay. So, that's talking about a person</p> <p>20 that does the job?</p> <p>21 A. Yes.</p> <p>22 Q. And I guess there is several of them, so</p> <p>23 they just refer to them by the position?</p> <p>24 A. It's just our title for all -- all of</p>	<p style="text-align: right;">Page 96</p> <p>1 Perrysburg team will follow the same process that</p> <p>2 we followed over the weekend to manually redirect</p> <p>3 orders to Mount Vernon, Lehigh and Windsor."</p> <p>4 Do you see that?</p> <p>5 A. Yes, I do.</p> <p>6 Q. Does that indicate to you that</p> <p>7 Perrysburg is no longer going to distribute C-III's</p> <p>8 through C-Vs and that they're going to redistribute</p> <p>9 those orders that come in to other distribution</p> <p>10 centers?</p> <p>11 A. Reading that statement, yes, that's how</p> <p>12 I would interpret that.</p> <p>13 Q. They had a different plan for the C-II's,</p> <p>14 though, right? They were going to continue to</p> <p>15 distribute Schedule II controlled substances until</p> <p>16 the DEA came in and shut them down?</p> <p>17 A. According to this document, yes.</p> <p>18 Q. The last heading is "PSE."</p> <p>19 Do you see that?</p> <p>20 A. Yes.</p> <p>21 Q. And does that stand for pseudoephedrine?</p> <p>22 A. Yes, it does.</p> <p>23 Q. I'm going to show you what we're going</p> <p>24 to mark as Peterson 8.</p>
<p style="text-align: right;">Page 95</p> <p>1 our -- all the employees in the logistics IT</p> <p>2 department were considered ISEs unless you're a</p> <p>3 manager as you promote up. You are just an</p> <p>4 information system engineer.</p> <p>5 Q. Okay. So, before 2003 you would have</p> <p>6 been an ISE?</p> <p>7 A. I would have been, yes.</p> <p>8 Q. How many ISEs are there at Walgreens?</p> <p>9 A. In our -- somewhere --</p> <p>10 MR. LEVINE: Objection to form.</p> <p>11 BY THE WITNESS:</p> <p>12 A. I would have to estimate between 10 and</p> <p>13 25. Back in that time I don't remember, so, the</p> <p>14 exact number.</p> <p>15 BY MR. GADDY:</p> <p>16 Q. So, and, again, I'm not holding you to</p> <p>17 any number, but you would estimate in this time</p> <p>18 frame, early 2013, that there were approximately 10</p> <p>19 to 25 ISEs?</p> <p>20 A. Yes.</p> <p>21 Q. All right. So, the first bullet point</p> <p>22 says, "Perrysburg will make all the quantity</p> <p>23 unavailable."</p> <p>24 The second bullet point says, "ISE and</p>	<p style="text-align: right;">Page 97</p> <p>1 (WHEREUPON, a certain document was</p> <p>2 marked as Walgreens-Peterson</p> <p>3 Exhibit No. 8: 2/2/13 letter to</p> <p>4 DEA from Latham & Watkins;</p> <p>5 WAGMDL00674280 - 00674280.)</p> <p>6 BY MR. GADDY:</p> <p>7 Q. I'm going to represent to you,</p> <p>8 Mr. Peterson, this is a letter from a law firm that</p> <p>9 was representing Walgreens written to the DEA.</p> <p>10 Do you know if you've ever seen this</p> <p>11 letter before?</p> <p>12 A. I have never seen this letter before.</p> <p>13 Q. Okay. Do you see there is the name of a</p> <p>14 firm up there on the top left-hand corner?</p> <p>15 A. Yes.</p> <p>16 Q. Okay. And then if you look in the</p> <p>17 address blocks there, do you see that this letter</p> <p>18 is going to, in the top line, Lee Reeves and Scott</p> <p>19 Lawson and it says, "Office of the Chief Counsel,</p> <p>20 DEA."</p> <p>21 Do you see that?</p> <p>22 A. Yes, I see that in the document, yes.</p> <p>23 Q. Below that it looks like this letter is</p> <p>24 also going to Wayne Groves, Diversion Investigator</p>

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<p>1 with the DEA.</p> <p>2 Do you see that?</p> <p>3 A. Yes.</p> <p>4 Q. Do you recall Mr. Groves' name as being</p> <p>5 the one that the subpoenas were issued to and a</p> <p>6 warranty was issued to? And if you don't, you can</p> <p>7 flip back and look at them.</p> <p>8 A. Yeah, his name appears on those, yes.</p> <p>9 Q. Okay. And do you see that this letter</p> <p>10 is written regarding the Walgreens Perrysburg, Ohio</p> <p>11 distribution center.</p> <p>12 Do you see that? That's the re line?</p> <p>13 A. Yes.</p> <p>14 Q. Okay. And, again, if we look at the</p> <p>15 date up there, this is February 20, 2013, so,</p> <p>16 again, within a couple weeks after Walgreens</p> <p>17 Perrysburg distribution center had received that</p> <p>18 warrant and those subpoenas from the DEA, correct?</p> <p>19 MR. LEVINE: Objection; lacks foundation.</p> <p>20 BY THE WITNESS:</p> <p>21 A. It appears to be, yes.</p> <p>22 BY MR. GADDY:</p> <p>23 Q. Okay. And this is also, if you recall</p> <p>24 back to the -- to the thick document that we looked</p>	<p>1 September 2012 Order to Show Cause on the Jupiter</p> <p>2 distribution center, correct?</p> <p>3 MR. LEVINE: Objection; foundation.</p> <p>4 BY THE WITNESS:</p> <p>5 A. It appears about that long, yes.</p> <p>6 BY MR. GADDY:</p> <p>7 Q. And if you flip to the second page of</p> <p>8 this letter, there is a paragraph in the middle of</p> <p>9 the page that's a little bit thicker than the other</p> <p>10 two.</p> <p>11 Do you see that?</p> <p>12 A. Yes.</p> <p>13 Q. It says, "Walgreens is committed to</p> <p>14 compliance. We are not aware of any ongoing</p> <p>15 compliance issue at the Perrysburg facility, and</p> <p>16 would take the necessary steps to immediately</p> <p>17 remedy any of the alleged non-compliance that you</p> <p>18 can identify. In order to facilitate further</p> <p>19 discussions on these issues with DEA and to ensure</p> <p>20 that Walgreens' ongoing pharmacy operations are not</p> <p>21 disrupted, Walgreens has decided to voluntarily</p> <p>22 discontinue distribution of controlled substances</p> <p>23 from the Perrysburg facility."</p> <p>24 Do you see that?</p>
<p style="text-align: center;">Page 99</p> <p>1 at this morning.</p> <p>2 A. Yeah.</p> <p>3 Q. You recall that that Order to Show Cause</p> <p>4 that we went through a little bit was served on</p> <p>5 Walgreens at the Jupiter distribution center in</p> <p>6 September of 2012, right?</p> <p>7 MR. LEVINE: Objection; lacks foundation.</p> <p>8 You're asking him if he recalls or if he can read</p> <p>9 it?</p> <p>10 MR. GADDY: I'm asking if he recalls from</p> <p>11 looking at the document earlier today.</p> <p>12 MR. LEVINE: Same objection.</p> <p>13 BY THE WITNESS:</p> <p>14 A. From the document we looked at? I think</p> <p>15 it was about Jupiter, yes.</p> <p>16 BY MR. GADDY:</p> <p>17 Q. Okay. And that was approximately</p> <p>18 September 2012, right?</p> <p>19 MR. LEVINE: Same objection; foundation.</p> <p>20 BY THE WITNESS:</p> <p>21 A. I think so, yes.</p> <p>22 BY MR. GADDY:</p> <p>23 Q. Okay. And, so, this February 20 letter</p> <p>24 would be approximately five months after that</p>	<p style="text-align: center;">Page 101</p> <p>1 A. Yes, I see that in the document.</p> <p>2 Q. Do you recall being informed by anybody</p> <p>3 at Walgreens that due to these subpoenas and</p> <p>4 warrants that Walgreens was taking the step to</p> <p>5 voluntarily discontinue the distribution of</p> <p>6 controlled substances?</p> <p>7 A. No, I am not aware.</p> <p>8 Q. Okay. And there were only three</p> <p>9 Walgreens distribution centers that shipped</p> <p>10 controlled substances, right?</p> <p>11 A. True.</p> <p>12 Q. And we've already seen that Jupiter was</p> <p>13 being investigated by the DEA, right?</p> <p>14 A. Yes, the one document earlier today</p> <p>15 showed that.</p> <p>16 Q. Right. And you had been involved in --</p> <p>17 from the documents we looked at, you were actually</p> <p>18 involved with shutting down or shutting off six</p> <p>19 separate Walgreens stores related to that Jupiter</p> <p>20 investigation, right?</p> <p>21 A. It appears based on the document that,</p> <p>22 yes, we had something to do with those six stores,</p> <p>23 yes.</p> <p>24 Q. And we've also seen that you were</p>

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<p>1 involved in some Perrysburg meetings after they 2 were served with subpoenas with an understanding 3 that the DEA was investigating the Perrysburg 4 distribution center as well, correct?</p> <p>5 A. Yes, based on the e-mails that you are 6 showing me, yes.</p> <p>7 Q. So, the only distribution center that 8 Walgreens has left that's not under investigation 9 at this point would be the Woodland, California 10 distribution center, right?</p> <p>11 A. It appears that way, yes.</p> <p>12 Q. Regardless, at this point in time, at 13 least the attorneys for Walgreens are indicating 14 that Walgreens is going to stop distributing 15 controlled substances from Perrysburg?</p> <p>16 A. Was that a question? I'm sorry.</p> <p>17 Q. No. I'm sorry. Maybe it wasn't. 18 At least at this point in time, 19 according to this February 20 letter, February 20, 20 2013, Walgreens has indicated to the DEA that they 21 are going to stop distributing out of Perrysburg, 22 correct?</p> <p>23 MR. LEVINE: Objection; lacks foundation.</p> <p>24 BY THE WITNESS:</p>	<p>1 of the "To" line there on that original e-mail from 2 Vinayak, Doug Peterson is listed and that's you, 3 right?</p> <p>4 A. Yes, that is me.</p> <p>5 Q. Okay. And it looks like it's a -- it 6 looks like maybe it's the same e-mail we just 7 looked at with just a response to it, but you see 8 in that first heading is "C2," and it indicates 9 "Perrysburg will continue to pick what they had 10 until the DEA comes and shuts them down." Correct?</p> <p>11 A. Yes. That was in the other e-mail, yes.</p> <p>12 Q. Okay. It looks like -- and I think that 13 that first e-mail we looked at was from 2/18. This 14 e-mail is from 2/20, right?</p> <p>15 A. Yes.</p> <p>16 Q. Okay. And it looks like below that 17 there is an update. It says, "Updates 2/20." 18 Do you see that?</p> <p>19 A. Yes, I do.</p> <p>20 Q. Okay. So, it looks like Vinayak has 21 re-sent his first e-mail. It looks like it's to a 22 smaller audience, and he's inserted some updates.</p> <p>23 Do you see that?</p> <p>24 A. Yes, I see the updates.</p>
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<p>1 A. I'm -- I can't really answer that. I 2 don't know that for sure.</p> <p>3 BY MR. GADDY:</p> <p>4 Q. Okay. Is that what the attorneys for 5 Walgreens wrote in this letter to the DEA?</p> <p>6 MR. LEVINE: Objection; foundation.</p> <p>7 BY THE WITNESS:</p> <p>8 A. I don't know anything about it. But if 9 I read the -- the letter, it appears to be that 10 way.</p> <p>11 BY MR. GADDY:</p> <p>12 Q. I'm going to show you what I'm going to 13 mark as Peterson No. 9.</p> <p>14 (WHEREUPON, a certain document was 15 marked as Walgreens-Peterson 16 Exhibit No. 9: 2/20/13 e-mail 17 string; WAGMDL00357519 - 00357521.)</p> <p>18 BY MR. GADDY:</p> <p>19 Q. And we can start at the bottom of the 20 first page. Again, we're with this e-mail from 21 Vinayak.</p> <p>22 Do you see that?</p> <p>23 A. Yes, I see that.</p> <p>24 Q. And, again, do you see on the first line</p>	<p>1 Q. Okay. Even though it's a smaller 2 audience, he still included you in this e-mail 3 regarding the Perrysburg distribution center, 4 correct?</p> <p>5 A. That is correct.</p> <p>6 Q. Under the updates, the first one says, 7 "Bill Groth confirmed Perrysburg will stop shipping 8 C-II's on March 1."</p> <p>9 Do you see that?</p> <p>10 A. Yes, I see that.</p> <p>11 Q. Do you know who Bill Groth is?</p> <p>12 A. No, I do not recall.</p> <p>13 Q. For the next line, it says, "The DC," 14 the distribution center, "has roughly 30 million in 15 C-II inventory which should be down to minimal 16 dollars by next Friday."</p> <p>17 Do you see that?</p> <p>18 A. Yes.</p> <p>19 Q. So, if we look back up at the time of 20 this e-mail, this was sent on a Wednesday, 21 February 20.</p> <p>22 Do you see that, in the sent line?</p> <p>23 A. It says the 20th. I don't see 24 Wednesday, but...</p>

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<p>1 Q. Right under Vinayak's name.</p> <p>2 A. Mind just says the 20th. If that was a</p> <p>3 Wednesday, I can't disagree with you, but I don't</p> <p>4 remember back then.</p> <p>5 Q. No, no. Right here.</p> <p>6 A. Where are you talking?</p> <p>7 Q. I think it says it.</p> <p>8 A. Oh, on this one. I'm looking at the</p> <p>9 wrong one. I apologize.</p> <p>10 Q. Sure. No problem.</p> <p>11 A. Yes, it says Wednesday.</p> <p>12 Q. Okay.</p> <p>13 A. I forgot I got to look in that. Sorry.</p> <p>14 Q. Yeah, no problem.</p> <p>15 Okay. Let's go back to the bullet point</p> <p>16 at the bottom of the page, it says, "The DC has</p> <p>17 roughly \$30 million in C-II inventory which should</p> <p>18 be down to minimal dollars by next Friday."</p> <p>19 Right?</p> <p>20 A. That's what the document says, yes.</p> <p>21 Q. What does that mean to you?</p> <p>22 A. That means that the distribution</p> <p>23 centers, the operation team is working on getting</p> <p>24 the inventory down.</p>	<p>1 talked about David yet. Do you know who David</p> <p>2 Reiter is?</p> <p>3 A. I don't recall who he is, no.</p> <p>4 Q. He says, "Vinayak, who do we get</p> <p>5 together to talk about the transfer of remaining</p> <p>6 Perrysburg product to Woodland? I'm guessing we're</p> <p>7 going to have around 8 to \$10 million in C-II</p> <p>8 inventory on 3/14/13."</p> <p>9 Do you see that?</p> <p>10 A. Yes.</p> <p>11 Q. And 3/4/13 would be after the date that</p> <p>12 we saw below that Bill Goth said -- excuse me --</p> <p>13 that Bill Groth said Perrysburg would stop shipping</p> <p>14 C-II's, correct?</p> <p>15 A. Yes.</p> <p>16 Q. And we know at this point that,</p> <p>17 according to that last letter we looked at, that</p> <p>18 Walgreens attorneys have already represented to the</p> <p>19 DEA that they are going to stop distributing out of</p> <p>20 Perrysburg. Do you recall that?</p> <p>21 MR. LEVINE: Objection; lacks foundation.</p> <p>22 BY THE WITNESS:</p> <p>23 A. I don't remember that, no. I'd have to</p> <p>24 look at the document again.</p>
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<p>1 Q. How would the distribution center get</p> <p>2 inventory down?</p> <p>3 A. I'm not sure how they would have</p> <p>4 intended to do that.</p> <p>5 Q. Do you have an understanding whether or</p> <p>6 not it would be common back in February of 2012 for</p> <p>7 the Perrysburg distribution center to go through</p> <p>8 \$30 million worth of C-II inventory in a week and a</p> <p>9 half?</p> <p>10 MR. LEVINE: Objection.</p> <p>11 BY THE WITNESS:</p> <p>12 A. No.</p> <p>13 MR. LEVINE: Lacks foundation.</p> <p>14 BY THE WITNESS:</p> <p>15 A. No, I have no idea at all.</p> <p>16 BY MR. GADDY:</p> <p>17 Q. Okay. If you go up to the middle of the</p> <p>18 page, there is a response to this e-mail from</p> <p>19 Vinayak from David Reiter, correct?</p> <p>20 Do you see that in the middle of the</p> <p>21 page?</p> <p>22 A. That's from David Reiter to Vinayak?</p> <p>23 Yes.</p> <p>24 Q. Do you know who -- I don't think we've</p>	<p>1 BY MR. GADDY:</p> <p>2 Q. You can look at it again.</p> <p>3 A. Yes. The document does say that.</p> <p>4 Q. Okay. And, so, what we're seeing from</p> <p>5 David Reiter here in the middle of the page is that</p> <p>6 on 3/4, which is a couple days after Bill Groth</p> <p>7 says Perrysburg is going to stop shipping, that</p> <p>8 Perrysburg is still going to have 8 to \$10 million</p> <p>9 in C-II inventory there in the warehouse, correct?</p> <p>10 A. That's what the document says, yes.</p> <p>11 Q. It goes on to say, "We never got to the</p> <p>12 point of transferring product out of Jupiter. It</p> <p>13 has never been attempted, only prepared for."</p> <p>14 Do you see that?</p> <p>15 A. Yes.</p> <p>16 Q. It says, "It is still locked in the</p> <p>17 vault."</p> <p>18 Do you see that?</p> <p>19 A. Yes.</p> <p>20 Q. Did you have an understanding that when</p> <p>21 the DEA came in to Jupiter during their</p> <p>22 investigation there that they locked up the</p> <p>23 controlled substances that were in the Jupiter</p> <p>24 distribution center so that Walgreens could not</p>

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<p>1 access them?</p> <p>2 A. I was not aware of that, no.</p> <p>3 Q. Do you still have this document?</p> <p>4 A. Yeah, it's right here.</p> <p>5 Q. Can you turn for me, again, looking at</p> <p>6 these numbers on the bottom right-hand corner of</p> <p>7 the page, should be page 34 out of 343.</p> <p>8 A. Okay.</p> <p>9 Q. Are you with me?</p> <p>10 A. Yep.</p> <p>11 Q. And this is -- you can flip backwards</p> <p>12 and look for yourself if you want to, but I'll</p> <p>13 represent to you this is the same document we were</p> <p>14 going through earlier that had the chart that we</p> <p>15 talked -- that we looked through.</p> <p>16 Do you recall that?</p> <p>17 A. Yes.</p> <p>18 Q. Okay. The chart that showed the</p> <p>19 increase of oxycodone purchases by dosage units</p> <p>20 over time?</p> <p>21 A. Yes, I saw that chart.</p> <p>22 Q. Okay. And you recognize that this is</p> <p>23 the same document from the DEA?</p> <p>24 A. Yes.</p>	<p>1 Q. Outside of the e-mails that we looked at</p> <p>2 earlier where you were asked to assist with making</p> <p>3 sure that certain Walgreens stores were no longer</p> <p>4 able to order controlled substances, do you recall</p> <p>5 you or your team or anybody else in the supply and</p> <p>6 logistics chain at Walgreens being asked to take</p> <p>7 any actions as it relates to the Florida stores</p> <p>8 regarding controlled substances?</p> <p>9 MR. LEVINE: Objection; lacks foundation as to</p> <p>10 others.</p> <p>11 BY THE WITNESS:</p> <p>12 A. No, I do not remember.</p> <p>13 BY MR. GADDY:</p> <p>14 Q. Did anybody at Walgreens tell you that</p> <p>15 the DEA was making allegations against Walgreens,</p> <p>16 and specifically the Walgreens Jupiter distribution</p> <p>17 center, that their registration and their ability</p> <p>18 to distribute controlled substances constituted an</p> <p>19 imminent danger to the public health and safety?</p> <p>20 A. No.</p> <p>21 Q. If we go down to the next paragraph, it</p> <p>22 starts "Pursuant." Do you see where I am?</p> <p>23 A. Yes.</p> <p>24 Q. It says, "Pursuant to certain statutes,</p>
<p style="text-align: center;">Page 111</p> <p>1 Q. Okay. So, if we go to page 34 of 343,</p> <p>2 the top paragraph, top full paragraph starts, "In</p> <p>3 view of the foregoing."</p> <p>4 Do you see that?</p> <p>5 A. Yes.</p> <p>6 Q. It says, "In view of the foregoing, and</p> <p>7 based on information before the Agency as of the</p> <p>8 issuance of this notice, it is my preliminary</p> <p>9 finding" pursuant to certain statutes "that</p> <p>10 Walgreens' continued registration is inconsistent</p> <p>11 with the public interest."</p> <p>12 Do you see that?</p> <p>13 A. Yes, I see that in the document.</p> <p>14 Q. It goes on to say that "Under the</p> <p>15 summarized facts and circumstances described</p> <p>16 herein, it is also my preliminary finding,</p> <p>17 significantly in light of the rampant and deadly</p> <p>18 problem of prescription controlled substance abuse</p> <p>19 in Florida, that Respondent's continued</p> <p>20 registration while these proceedings are pending</p> <p>21 constitutes an imminent danger to the public health</p> <p>22 and safety."</p> <p>23 Do you see that?</p> <p>24 A. I see that in the document, yes.</p>	<p style="text-align: center;">Page 113</p> <p>1 the special agents and diversion investigators of</p> <p>2 the DEA who serve this Order to Show Cause and</p> <p>3 Immediate Suspension of Registration are authorized</p> <p>4 to place under seal or to remove for safekeeping</p> <p>5 all controlled substances that Walgreens</p> <p>6 possesses."</p> <p>7 Do you see that?</p> <p>8 A. Yes, I see that.</p> <p>9 Q. And if we go back to that e-mail that we</p> <p>10 were on just a second ago, which was Peterson</p> <p>11 No. 9, P-WAG-2022, in the middle of the page of</p> <p>12 Mr. Reiter's e-mail, you see where he said, "We</p> <p>13 never got to the point of transferring product out</p> <p>14 of Jupiter. It has never been attempted, only</p> <p>15 prepared for. It is still locked in the vault."</p> <p>16 Do you see that?</p> <p>17 A. Yes, I see that in the document.</p> <p>18 Q. And after looking at this Order to Show</p> <p>19 Cause from the Jupiter investigation, do you see</p> <p>20 where that -- the DEA was authorized to place those</p> <p>21 drugs under seal?</p> <p>22 MR. LEVINE: Objection; lacks foundation.</p> <p>23 BY THE WITNESS:</p> <p>24 A. I'm not sure if I really understand</p>

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<p>1 that. So...</p> <p>2 Q. Okay.</p> <p>3 A. From this.</p> <p>4 Q. You saw where it said what we just read</p> <p>5 where the DEA investigators were authorized to</p> <p>6 place under seal or remove from safekeeping all</p> <p>7 controlled substances that Walgreens had in its</p> <p>8 possession?</p> <p>9 A. I can read that in the document, yes.</p> <p>10 Q. Okay. Do you recall -- let's go back</p> <p>11 to -- stay on the same e-mail and go up to the top,</p> <p>12 top e-mail in that chain.</p> <p>13 Are you with me?</p> <p>14 A. Yes.</p> <p>15 Q. And it looks like Vinayak responds to</p> <p>16 Mr. Reiter, still on February 20, 2013, and he</p> <p>17 copies you, correct?</p> <p>18 A. Yes.</p> <p>19 Q. Among other folks?</p> <p>20 A. Yes.</p> <p>21 Q. And he says, "Doug, can you please set</p> <p>22 up a quick call with David and others. He wants to</p> <p>23 get this figured out. Please also invite Brian and</p> <p>24 Dave."</p>	<p>1 BY THE WITNESS:</p> <p>2 A. No, I am not aware of that.</p> <p>3 BY MR. GADDY:</p> <p>4 Q. I'm going to show you what I'm going to</p> <p>5 mark as Peterson 10. This is P-WAG-2024.</p> <p>6 (WHEREUPON, a certain document was</p> <p>7 marked as Walgreens-Peterson</p> <p>8 Exhibit No. 10: 2/21/13 e-mail</p> <p>9 string; WAGMDL00357543 - 00357548.)</p> <p>10 BY MR. GADDY:</p> <p>11 Q. And if you flip to the second-to-last</p> <p>12 page of that e-mail, it ends 547 in the bottom</p> <p>13 right-hand corner.</p> <p>14 A. Yes.</p> <p>15 Q. And do you see we're still working off,</p> <p>16 if you go to the bottom of the page, we're still</p> <p>17 working off this original e-mail chain that started</p> <p>18 with Vinayak.</p> <p>19 Do you see that?</p> <p>20 A. Yes, I do.</p> <p>21 Q. And you still see there under "C2" or</p> <p>22 the heading "C2" it says, "Perrysburg will continue</p> <p>23 to pick what they can until the DEA comes and shuts</p> <p>24 them down."</p>
<p style="text-align: center;">Page 115</p> <p>1 Do you see that?</p> <p>2 A. Yes, I do.</p> <p>3 Q. Now that we have looked at this</p> <p>4 document, do you recall that you were asked to</p> <p>5 assist and help implement a plan to help get drugs,</p> <p>6 controlled substances I should say, out of the</p> <p>7 Perrysburg distribution center so that they could</p> <p>8 not be locked up by the DEA?</p> <p>9 A. I don't recall the meeting, but it</p> <p>10 appears that I was to set one up, yes.</p> <p>11 Q. And from the e-mail, you could see that</p> <p>12 at least David Reiter was estimating that there was</p> <p>13 going to be 8 to \$10 million in controlled</p> <p>14 substances still in the Perrysburg distribution</p> <p>15 center after this date of 3/1 that Walgreens wanted</p> <p>16 to stop shipping out of that distribution center,</p> <p>17 correct?</p> <p>18 A. Yes, that's what it says in the e-mail.</p> <p>19 Q. And did you ever come to have an</p> <p>20 understanding that that was a high priority for</p> <p>21 Walgreens to get those drugs out of the</p> <p>22 distribution center before the DEA put a padlock on</p> <p>23 the vault?</p> <p>24 MR. LEVINE: Objection; lacks foundation.</p>	<p style="text-align: center;">Page 117</p> <p>1 Correct?</p> <p>2 A. That's what the document says, yes.</p> <p>3 Q. And then we see the same 2/20 update</p> <p>4 that we went over just a second ago about the</p> <p>5 intention that Perrysburg will stop shipping</p> <p>6 starting March 1, correct?</p> <p>7 A. Yes, that's what it says.</p> <p>8 Q. And if we go up one e-mail, we see an</p> <p>9 e-mail from it looks like Jeff Irwin.</p> <p>10 Do you see that?</p> <p>11 A. Yes, I do.</p> <p>12 Q. And Jeff says, "Steve, Justin and</p> <p>13 Vinayak - any idea on the value of the C-III to C-V</p> <p>14 items going to Mount Vernon?" It says, "As of</p> <p>15 right now, our initial plan is to have Perrysburg</p> <p>16 load up one of the empty Putnam trailers with this</p> <p>17 product and have Putnam pick it up tomorrow."</p> <p>18 Do you see that?</p> <p>19 A. Yes, I do.</p> <p>20 Q. Is this consistent with your</p> <p>21 understanding, now that we have looked at several</p> <p>22 of these documents, that Walgreens was making a</p> <p>23 concerted effort to get controlled substances out</p> <p>24 of the Perrysburg distribution center before the</p>

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1 DEA came in and shut them down?	1 Q. Do those acronyms mean anything to you?
2 A. Based on these e-mail, it appears	2 A. It's full case and split case.
3 they're trying to get rid of their C-III through	3 Q. Okay. What's the difference?
4 C-V. Move that out.	4 A. We will pick -- split case, we pick
5 Q. If you go up one e-mail in the chain, it	5 individual pieces and send it to the store. A full
6 looks like Vinayak loops you in.	6 case is a case of, as an example, a case of 12, so
7 Do you see that?	7 you got 12 bottles of something. So, that's a
8 A. Yes, he did.	8 case. The bottle itself is a split case piece.
9 Q. And he says, "Doug, can we have someone	9 Q. Okay. What I'm -- when you describe
10 pull the value of the inventory at Perrysburg."	10 that, what I'm seeing in my head is a cardboard box
11 Correct?	11 with maybe cellophane wrapped around it and there
12 A. That's what the e-mail says, yes.	12 is maybe 12 bottles inside of it of any particular
13 Q. At this point in time, February 20 of	13 drug.
14 2013, you're an IT manager, right?	14 Am I --
15 A. Yes.	15 A. That would be a full case.
16 Q. So, you had a team of at least several	16 Q. Okay. And, so, if there was a full case
17 folks that were beneath you that you could hand	17 needed, that entire box wrapped in cellophane with
18 this assignment off to?	18 the 12 bottles in there would be shipped to the
19 A. Yes, there was.	19 store?
20 Q. Okay. If you turn the page and look at	20 A. If that's what they ordered, yes.
21 the bottom, do you see that you -- it looks like	21 Q. Okay. And a split case would mean you
22 you reach out to David Nelson?	22 cut open the cellophane and pull out maybe one or
23 A. Yes.	23 two bottles to send to the store?
24 Q. And you say, "Dave, I think you can help	24 A. Yes, that is correct.
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1 Vinayak with this information here. Can you get	1 Q. Gotcha. So, what we're seeing here for
2 the dollar value of the remaining Schedule III	2 this C-III to C-V value is counting up not only all
3 through V product in Perrysburg and can you send	3 the big cardboard boxes wrapped in cellophane with
4 the information to Vinayak and Jeff."	4 all the bottles in it but also the ones that are
5 Do you see that?	5 just portion -- portions of what was originally in
6 A. Yes, I do see that in the document.	6 there?
7 Q. Okay. And there is a couple pages of	7 A. Yes.
8 back-and-forth, and I'll represent to you that it	8 Q. So, what is being reported here is that
9 looks like maybe Dave was asking for clarification	9 the value of the Schedule III to V drugs still on
10 on exactly what you wanted, but ultimately we're	10 hand was \$1.08 million.
11 going to get his answer on the first page of the	11 Do you see that?
12 e-mail if you want to go up to that.	12 A. That is what the document says, yes.
13 And do you see that in the middle of the	13 Q. And it looks like the value of the
14 page you have an e-mail from Vinayak, and it goes	14 controlled substances, Schedule IIs, for full case
15 to Dave Nelson and also to you, correct?	15 was at \$14-1/2 million, correct?
16 A. Yes. That is correct.	16 A. That's what the document says, yes.
17 Q. And this is on February 21 of 2013,	17 Q. And then the control IIs split case, so
18 correct?	18 that would mean the ones where there was only
19 A. Yes.	19 portions of what was originally in the box, was
20 Q. It says, "Just so we are all on the same	20 \$404,000?
21 page. The schedule 3-5 inventory value is" -- it	21 A. Yes, that's what the document says.
22 says FC and SC.	22 Q. And, again, from your memory and from
23 Do you see that?	23 reviewing these documents because this was several
24 A. Yes.	24 years ago, your understanding is one of the items

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<p>1 or one of the solutions or tasks that you were -- 2 helped to implement was to get this inventory out 3 of the Perrysburg distribution center before the 4 DEA came in and shut them down?</p> <p>5 MR. LEVINE: Objection; vague.</p> <p>6 BY THE WITNESS:</p> <p>7 A. According to the documents, that's what 8 it looks like we were trying to do, yes.</p> <p>9 BY MR. GADDY:</p> <p>10 Q. I'm going to show you -- let me ask you 11 this.</p> <p>12 You've mentioned a time or two before 13 that some orders of controlled substances would be 14 filled by what you refer to as jobbers, right?</p> <p>15 A. Yes.</p> <p>16 Q. And that would be outside vendors such 17 as other wholesale distributors?</p> <p>18 A. Yes.</p> <p>19 Q. In this 2012, early 2013 time frame, do 20 you recall that Cardinal Health was one of the 21 jobbers that Walgreens utilized to fill -- to 22 sometimes fill orders of controlled substances?</p> <p>23 A. No, I don't remember if they were or 24 were not.</p>	<p>1 BY MR. GADDY:</p> <p>2 Q. And do you see this is another e-mail 3 chain?</p> <p>4 A. Yes.</p> <p>5 Q. And if you would, Mr. Peterson, turn for 6 me again to the second-to-last page, it ends 461, 7 and in the middle of the page we are going to see 8 what looks to be kind of that original string or 9 original e-mail that we have been seeing from 10 Vinayak. Do you see where I am?</p> <p>11 A. Yes, I do.</p> <p>12 Q. Okay. And it looks like this, as 13 opposed to being an e-mail, is more of a meeting 14 invite.</p> <p>15 Do you see that?</p> <p>16 It says, "When: 8:00 to 8:30 a.m., 17 February 27, 2013."</p> <p>18 A. Yes, it appears that way, yes.</p> <p>19 Q. Okay. And then it looks like it's got 20 a -- the subject again is the Perrysburg 21 distribution center, and the location it looks like 22 it's maybe got a conference call number and dial-in 23 information?</p> <p>24 A. Yes. It says Perrysburg C-III to IV.</p>
<p style="text-align: center;">Page 123</p> <p>1 Q. Are you familiar with Cardinal Health?</p> <p>2 A. I have heard of the company, yes.</p> <p>3 Q. Are you familiar with them ever serving 4 as a jobber for Walgreens' controlled substances?</p> <p>5 A. I don't exactly remember, but I think 6 that was one of them.</p> <p>7 Q. Okay. Do you have an understanding of 8 who the primary supplier or wholesaler of 9 controlled substances for Walgreens is currently?</p> <p>10 A. We get our Rx from ABC.</p> <p>11 Q. AmerisourceBergen?</p> <p>12 A. Yes. Sorry.</p> <p>13 Q. No. That's fine.</p> <p>14 But you believe that Cardinal Health was 15 another vendor that you utilized at least at some 16 point in time?</p> <p>17 A. I think I recall them at one point in 18 time a while ago.</p> <p>19 Q. Okay. I'm going to show you what I've 20 marked as Peterson 11.</p> <p>21 (WHEREUPON, a certain document was 22 marked as Walgreens-Peterson 23 Exhibit No. 11: 2/26/13 e-mail 24 string; WAGMDL00358459 - 00358462.)</p>	<p style="text-align: center;">Page 125</p> <p>1 And, yes, that's a dial-in number for a conference 2 call.</p> <p>3 Q. Do you recall participating in any -- 4 any meetings or conference calls regarding this 5 Perrysburg issue that we have been looking at for 6 the last 30 minutes or so?</p> <p>7 A. I don't recall the -- no, I don't recall 8 any meetings other than what you've shown me so 9 far.</p> <p>10 Q. Okay. And if we continue to look at 11 this, again, we see it looks to be the same chain, 12 but under C-II it says, "Perrysburg will continue 13 to pick what they can get until the DEA comes and 14 shuts them down."</p> <p>15 Do you see that?</p> <p>16 A. I see that in the document.</p> <p>17 Q. And we also see below that the 2/20 18 update, that Perrysburg will stop shipping 19 Schedule II controlled substances on March 1, 20 correct?</p> <p>21 It's the third -- it looks like it's the 22 fourth bullet point under C-II.</p> <p>23 A. Yes. I see it.</p> <p>24 Q. Now, above this, and you have to go --</p>

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<p>1 you have to flip the page to see who the e-mail is 2 from, but you see there is an e-mail from Vinayak 3 on February 26?</p> <p>4 A. Yes.</p> <p>5 Q. Okay. And if you flip the page, at the 6 top we see the "To" line, correct?</p> <p>7 A. Yes.</p> <p>8 Q. And about the fourth or fifth name in is 9 you, correct, Doug Peterson?</p> <p>10 A. That is correct.</p> <p>11 Q. Also next to you is Sue Thoss who was 12 the one who had originally given you the heads-up 13 about the subpoenas?</p> <p>14 A. Yes.</p> <p>15 Q. On the next line we see John Merritello, 16 correct?</p> <p>17 A. Yes.</p> <p>18 Q. Next to him is Rob Varno. Do you know 19 who Rob Varno is?</p> <p>20 A. He used to work in our distribution 21 centers.</p> <p>22 Q. Okay. Do you remember him being -- do 23 you know what role he played there? Was he the 24 supervisor of the distribution center?</p>	<p>1 A. That's what I remember.</p> <p>2 Q. Did you ever have to interact with Deb 3 as part of your duties?</p> <p>4 A. If there was an issue at the 5 distribution center from a program perspective, 6 yes, I would have dealt with her.</p> <p>7 Q. Do you recall Deb Bish ever asking you 8 to implement or design any programs or solutions to 9 any issues related to Schedule II controlled 10 substances?</p> <p>11 A. No, I do not remember that.</p> <p>12 Q. Okay. Now, we see here in the body of 13 this e-mail from Vinayak, he says, "FYI: Slight 14 change in plans."</p> <p>15 Do you see where I am?</p> <p>16 A. Yes.</p> <p>17 Q. He says, "Cardinal has red flagged 367 18 stores that were serviced out of Perrysburg and 19 won't be able to service them. Due to this change 20 there was a decision made that Perrysburg will 21 continue to pick Schedule IIs past March 1."</p> <p>22 Do you see that?</p> <p>23 A. Yes, I see that in the document.</p> <p>24 Q. Do you recall getting this e-mail from</p>
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<p>1 A. I believe, if my mind reminds me right, 2 he was the manager of the distribution center in 3 Jupiter.</p> <p>4 Q. Manager. Okay. That was the -- would 5 the manager be the top position of the person, the 6 top person in the distribution center?</p> <p>7 A. Yes.</p> <p>8 Q. Okay. Was he at the Perrysburg 9 distribution center as far as you remember?</p> <p>10 A. No, I remember him at Jupiter.</p> <p>11 Q. If you go to the next line down, at the 12 end of the line you see Denny Murray is invited or 13 included on this e-mail chain, correct?</p> <p>14 A. Yes.</p> <p>15 Q. And if you go down to the, it looks 16 like, second-to-last line, we see Deborah Bish is 17 included here?</p> <p>18 A. Yes.</p> <p>19 Q. Do you know who Deborah Bish is?</p> <p>20 A. Yes, I do know her.</p> <p>21 Q. Okay. And what was her role?</p> <p>22 A. From what I remember, she was the head 23 of the C-II facility at Perrysburg I believe.</p> <p>24 Q. Okay.</p>	<p>1 Vinayak telling you and these other folks that we 2 just mentioned that Cardinal Health had red-flagged 3 367 Walgreens stores?</p> <p>4 A. I don't remember getting it, no.</p> <p>5 Q. As you sit here today do you have an 6 understanding of what that means, that Cardinal 7 Health had red-flagged 367 Walgreens stores?</p> <p>8 A. I believe it would mean they don't want 9 those stores, but I'm not sure.</p> <p>10 Q. Okay. Well, what it says is that they 11 had red-flagged 367 stores that were serviced out 12 of Perrysburg, right?</p> <p>13 A. Yes.</p> <p>14 Q. And does that mean to you that these 15 were stores that typically had been sent stores -- 16 excuse me -- sent controlled substances out of that 17 Perrysburg distribution center?</p> <p>18 A. These are stores that we would have sent 19 to Cardinal any orders that we couldn't fulfill 20 from the Perrysburg distribution center.</p> <p>21 Q. Okay. Well, we know from these e-mails 22 that we've looked at that the distribution center, 23 Perrysburg distribution center, was intending to 24 stop shipping C-IIs as of March 1, right?</p>

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1 A. Yes. That's been stated, yes.	1 MR. LEVINE: Objection; form.
2 Q. Okay. And, so, what it looks like is	2 BY THE WITNESS:
3 that Cardinal Health has now red-flagged 367 stores	3 A. I'm not sure what she is asking for.
4 that previously had been serviced by Perrysburg,	4 BY MR. GADDY:
5 correct?	5 Q. Well, the original plan had been for --
6 A. That's what it's saying in the e-mail,	6 you see this e-mail is February 26, right?
7 yes.	7 A. Yes.
8 Q. Okay. And it says it won't be able to	8 Q. The original plan had been for no more
9 service them, correct?	9 C-II's to go out of that Perrysburg distribution
10 A. Yes, that's what the e-mail says.	10 center in five days, on 3/1, right?
11 Q. Do you know why Cardinal Health wouldn't	11 A. Yes. That was the plan from that
12 service those 367 Walgreens stores?	12 document, yes.
13 MS. PETERSEN: Objection; foundation.	13 Q. Okay. But now in this February 26
14 (Clarification requested by the	14 e-mail from Vinayak, the one just below it, they
15 reporter.)	15 just found out that Cardinal Health had red-flagged
16 MS. PETERSEN: Miranda Petersen.	16 367 of the Walgreens stores, right?
17 MR. LEVINE: Objection; foundation.	17 A. Yes. That was the previous e-mail.
18 BY THE WITNESS:	18 Q. And so now Perrysburg or Walgreens has
19 A. I have no idea why they would be	19 made the decision that Perrysburg won't stop
20 red-flagged.	20 shipping on March 1st, but will instead continue to
21 BY MR. GADDY:	21 ship controlled substances after that date?
22 Q. On the next sentence it says, "Due to	22 MR. LEVINE: Objection; lacks foundation.
23 this change there was a decision made that	23 BY MR. GADDY:
24 Perrysburg will continue to pick Schedule II drugs	24 Q. Correct?
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1 past March 1st."	1 A. Only from what I read in the e-mail that
2 Do you see that?	2 I remember anything, yes.
3 A. I see that in the e-mail, yes.	3 Q. Of course and that's why I gave you the
4 Q. If you go to the next e-mail in the	4 document, Mr. Peterson.
5 chain, do you see that Deb Bish sends an e-mail to	5 A. Yes.
6 Vinayak?	6 Q. Because I understand this was about five
7 A. Yes, I do.	7 or six years ago.
8 Q. And she says, "With the update, please	8 Okay. So, you see here Deb Bish is
9 provide the volume of the 367 stores so we can	9 asking the volume for these 367 stores.
10 determine how many TMs," meaning team members?	10 Do you see that?
11 A. TM would be team members, yes.	11 A. Yes, I see that.
12 Q. She says, "With the update, please	12 Q. And does that mean, do you understand
13 provide the volume of the 367 stores so we can	13 that to mean that she's asking how many controlled
14 determine how many team members we need to keep in	14 substances go to these stores so that she can
15 Schedule II past Friday."	15 determine her staffing needs in the C-II facility?
16 Do you see that?	16 A. I would have to guess that's what she is
17 A. Yes, I see that.	17 looking for is the volume of the store orders.
18 Q. And based on what you just told us that	18 Q. Okay.
19 Deb Bish was the manager or the supervisor of the	19 A. For those stores, yes.
20 controlled substances section within the	20 Q. And if you go to the next e-mail in the
21 distribution center, does this make sense that	21 chain, you see an e-mail from Vinayak to you with
22 she's reaching out trying to figure out how many	22 Deb copied, correct?
23 folks she might need on her team to continue to	23 A. Yes.
24 service these 367 red-flagged stores?	24 Q. And same day, February 26?

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<p>1 A. Yes.</p> <p>2 Q. And Vinayak writes, "Doug, can you</p> <p>3 please have someone pull this information."</p> <p>4 Do you see that?</p> <p>5 A. Yes, I see that in the e-mail.</p> <p>6 Q. And Vinayak goes on to say, "Deb, one</p> <p>7 thing we don't know at this time is whether you are</p> <p>8 picking all stores or just the ones that are</p> <p>9 potential red flags."</p> <p>10 Do you see that?</p> <p>11 A. I see that in the e-mail, yes.</p> <p>12 Q. Okay. Do you understand that, A, that</p> <p>13 Vinayak has asked you to look into the volume of</p> <p>14 controlled substances that go to those 367</p> <p>15 red-flagged stores?</p> <p>16 A. Based on this e-mail, yes, I understand</p> <p>17 that's what he is asking me.</p> <p>18 Q. Okay. And based on this e-mail, do you</p> <p>19 understand that Vinayak is telling Deb that while</p> <p>20 he knows Perrysburg is going to be servicing and</p> <p>21 picking the red-flagged stores, he doesn't know if</p> <p>22 there is going to be any others?</p> <p>23 A. That is what the e-mail says, yes.</p> <p>24 Q. Okay. And you respond up at the top of</p>	<p>1 A. Based on this, yes.</p> <p>2 Q. Sitting here today before we look at any</p> <p>3 more documents, do you recall whether or not you</p> <p>4 discovered the volume of controlled substances</p> <p>5 going to those 367 red-flagged stores that Cardinal</p> <p>6 Health wouldn't distribute to?</p> <p>7 A. I don't remember.</p> <p>8 MR. LEVINE: A good time for a break soon?</p> <p>9 MR. GADDY: Sure.</p> <p>10 THE VIDEOGRAPHER: We are going off the record</p> <p>11 at 11:25.</p> <p>12 (WHEREUPON, a recess was had</p> <p>13 from 11:25 to 11:43 a.m.)</p> <p>14 THE VIDEOGRAPHER: We're back on the record at</p> <p>15 11:43.</p> <p>16 BY MR. GADDY:</p> <p>17 Q. Mr. Peterson, before we took a break, we</p> <p>18 were talking a little bit about the stores that</p> <p>19 Cardinal Health had red-flagged.</p> <p>20 Do you remember that?</p> <p>21 A. Yes.</p> <p>22 Q. When I say that they had red-flagged</p> <p>23 those stores, what does that mean to you?</p> <p>24 A. It would mean that they don't want to</p>
<p style="text-align: center;">Page 135</p> <p>1 the page that "As soon as we know what stores are</p> <p>2 staying at the Perrysburg distribution center, we</p> <p>3 can provide the information. We probably won't</p> <p>4 know the stores until Wednesday afternoon."</p> <p>5 Do you see that?</p> <p>6 A. Yes, I do.</p> <p>7 Q. Looking at this e-mail, does this jog</p> <p>8 your memory about you being involved with helping</p> <p>9 to determine the volume of controlled substances</p> <p>10 that was going to these 367 Walgreens stores that</p> <p>11 Cardinal Health had red-flagged and said that they</p> <p>12 would not ship controlled substances to?</p> <p>13 A. Based on this e-mail, I have a -- I</p> <p>14 don't remember it, but I understand what they are</p> <p>15 asking for.</p> <p>16 Q. Okay. And based on this e-mail you see</p> <p>17 that you were involved --</p> <p>18 A. Yes.</p> <p>19 Q. -- in looking into the volume -- no</p> <p>20 problem.</p> <p>21 You understand that you were involved in</p> <p>22 looking into the volume of controlled substances</p> <p>23 that went to these 367 Walgreens stores that had</p> <p>24 been red-flagged by Cardinal?</p>	<p style="text-align: center;">Page 137</p> <p>1 ship to those stores.</p> <p>2 Q. They don't want to ship what to those</p> <p>3 stores?</p> <p>4 A. Orders.</p> <p>5 Q. Orders of what?</p> <p>6 A. C-II product.</p> <p>7 Q. Controlled substances?</p> <p>8 A. Yes.</p> <p>9 Q. Do you have an understanding of why or</p> <p>10 what criteria was used by Cardinal Health to red</p> <p>11 flag those 367 stores?</p> <p>12 MR. LEVINE: Objection; lacks foundation.</p> <p>13 MS. PETERSEN: Objection; form and foundation.</p> <p>14 BY THE WITNESS:</p> <p>15 A. No, I have no idea why.</p> <p>16 BY MR. GADDY:</p> <p>17 Q. Did anybody at Walgreens or, by that</p> <p>18 matter, anybody at Cardinal Health ever explain to</p> <p>19 you the criteria that was utilized to red-flag</p> <p>20 those 367 stores?</p> <p>21 A. No. As I state, I only -- I mean, I</p> <p>22 just -- I write programs.</p> <p>23 Q. You were asked to help with some</p> <p>24 solutions or gather some information --</p>

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<p>1 A. Yes.</p> <p>2 Q. -- about these 367 stores, but would</p> <p>3 that -- your understanding is that was the extent</p> <p>4 of what you were asked to do with it?</p> <p>5 A. I was just asked to stop them.</p> <p>6 Q. I'm going to show you what's been marked</p> <p>7 as Peterson 12. This is P-WAG-1373.</p> <p>8 (WHEREUPON, a certain document was</p> <p>9 marked as Walgreens-Peterson</p> <p>10 Exhibit No. 12: 2/22/13 e-mail</p> <p>11 string; WAGMDL00049750 - 00049751.)</p> <p>12 BY MR. GADDY:</p> <p>13 Q. And this is an e-mail, if you look at</p> <p>14 the top of the first page of this document, you see</p> <p>15 this is an e-mail from a Lisa Penn with a Cardinal</p> <p>16 Health e-mail address?</p> <p>17 A. Yes, I see that.</p> <p>18 Q. And you see that this e-mail is written</p> <p>19 February 22, 2013, correct?</p> <p>20 A. Yes.</p> <p>21 Q. And this -- you recall from the other</p> <p>22 documents we have been looking at this is all in</p> <p>23 the same general timeline when you and the other</p> <p>24 folks at Walgreens are having these meetings about</p>	<p>1 Q. And you see in the body of the e-mail,</p> <p>2 Lisa writes, "Hi everyone, in addition, please see</p> <p>3 the table below which outlines the four colors that</p> <p>4 we have identified on the attachment."</p> <p>5 Do you see that?</p> <p>6 A. Yes.</p> <p>7 Q. Then do you see that there is a chart</p> <p>8 that takes up the bulk of the rest of this page?</p> <p>9 A. Yes.</p> <p>10 Q. Do you see in the left-hand column is</p> <p>11 the designation that was assigned?</p> <p>12 A. Yes. I see that.</p> <p>13 Q. And then to the right of that there</p> <p>14 would be a summary of the designation, a status as</p> <p>15 of March 4 and any threshold limits that Cardinal</p> <p>16 Health was placing on any orders of controlled</p> <p>17 substances.</p> <p>18 Do you see that?</p> <p>19 A. Yes, I do.</p> <p>20 Q. And then over to the right it says that</p> <p>21 the -- it lists a column for the follow-up required</p> <p>22 and the number of stores.</p> <p>23 Do you see that?</p> <p>24 A. Yes.</p>
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<p>1 the Perrysburg plan?</p> <p>2 A. Yes.</p> <p>3 Q. And this e-mail from Ms. Penn at</p> <p>4 Cardinal Health was sent to, it looks like,</p> <p>5 Denman -- Denny Murray who we've seen on several</p> <p>6 other e-mails today from Walgreens.</p> <p>7 Do you see that?</p> <p>8 A. Yes.</p> <p>9 Q. It was also sent to Tasha Polster at</p> <p>10 Walgreens?</p> <p>11 A. Yes.</p> <p>12 Q. And do you know who -- we've talked</p> <p>13 about Denny. Do you know who Tasha Polster is?</p> <p>14 A. No, I do not.</p> <p>15 Q. If we go down a couple lines, do you see</p> <p>16 this e-mail was also sent to Mike Bleser at</p> <p>17 Walgreens?</p> <p>18 A. Yes.</p> <p>19 Q. Do you know who Mike is?</p> <p>20 A. No, I do not.</p> <p>21 Q. And it was also sent to Chris Dymon and</p> <p>22 Patty Daugherty at Walgreens. Do you know who they</p> <p>23 are?</p> <p>24 A. No, I do not.</p>	<p>1 Q. And the first designation that's listed</p> <p>2 is red, correct?</p> <p>3 A. Yes.</p> <p>4 Q. And if you look under "Summary of</p> <p>5 Designation," it says, "Stores that do not pass the</p> <p>6 objective assessment and have monthly average</p> <p>7 purchases of oxycodone above 5,000 or hydrocodone</p> <p>8 above 10,000."</p> <p>9 Do you see that?</p> <p>10 A. Yes.</p> <p>11 Q. And from looking at this document in</p> <p>12 combination with some of the other ones that we</p> <p>13 have looked at this morning, do you understand that</p> <p>14 to mean that stores that had objectively high</p> <p>15 purchases of either oxycodone or hydrocodone were</p> <p>16 flagged red by Cardinal Health?</p> <p>17 MR. LEVINE: Objection; lacks foundation.</p> <p>18 BY THE WITNESS:</p> <p>19 A. No, I have no knowledge of that.</p> <p>20 BY MR. GADDY:</p> <p>21 Q. Okay. Do you see that as of March 4 it</p> <p>22 indicated that "No narcotic analgesic shipments and</p> <p>23 all non-narcotic analgesic products will be shipped</p> <p>24 up to the threshold limit"?</p>

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<p>1 Do you see that?</p> <p>2 A. Yes.</p> <p>3 Q. Do you understand that to mean they are</p> <p>4 not going to ship controlled substances to those</p> <p>5 stores?</p> <p>6 MR. LEVINE: Objection; lacks foundation.</p> <p>7 BY THE WITNESS:</p> <p>8 A. I'm not sure what that means.</p> <p>9 BY MR. GADDY:</p> <p>10 Q. If you look under the threshold limit,</p> <p>11 do you see that for these red stores, it sets the</p> <p>12 opioid threshold limit at one and the threshold</p> <p>13 limit setting methodology applied for non-narcotic</p> <p>14 analgesic drug families?</p> <p>15 Do you see that?</p> <p>16 A. Yes.</p> <p>17 Q. Do you understand that to mean that</p> <p>18 Cardinal Health was setting the threshold limit at</p> <p>19 a single dosage unit for these red-flagged stores?</p> <p>20 MR. LEVINE: Objection; foundation.</p> <p>21 MS. PETERSEN: Objection.</p> <p>22 BY THE WITNESS:</p> <p>23 A. I don't understand it, no.</p> <p>24 BY MR. GADDY:</p>	<p>1 Q. You write in this e-mail, you said, "I</p> <p>2 had a meeting with Denny and John this morning to</p> <p>3 discuss not sending certain items to Cardinal for</p> <p>4 the 367 plus red-flagged stores."</p> <p>5 Do you see that?</p> <p>6 A. Yes.</p> <p>7 Q. So you're talking about not sending</p> <p>8 items to Cardinal Health, correct?</p> <p>9 A. Yes.</p> <p>10 Q. And that would make sense based on the</p> <p>11 documents that we looked at this morning that</p> <p>12 Cardinal Health has said that they would not ship</p> <p>13 controlled substances to those stores, right?</p> <p>14 A. Yes.</p> <p>15 Q. Wouldn't make any sense to send the</p> <p>16 orders to them if they are not going to fill the</p> <p>17 orders, right?</p> <p>18 A. True.</p> <p>19 Q. It goes on to say, "In regards to the</p> <p>20 C-II items, John is going to provide us a list of</p> <p>21 stores and items that should not be sent to a</p> <p>22 Cardinal distribution center. Dave Nelson is in</p> <p>23 the process of changing our system to read the</p> <p>24 file. If a match is found, the system will not</p>
<p>1 Q. I'm going to show you what I'm going to</p> <p>2 mark as Peterson 13. This is P-WAG-2060.</p> <p>3 (WHEREUPON, a certain document was</p> <p>4 marked as Walgreens-Peterson</p> <p>5 Exhibit No. 13: 2/28/13 e-mail</p> <p>6 string; WAGMDL00524815 - 00524817.)</p> <p>7 BY MR. GADDY:</p> <p>8 Q. And, again, you see that -- you</p> <p>9 recognize this to be another e-mail chain?</p> <p>10 A. Yes.</p> <p>11 Q. And if we turn to the very last page of</p> <p>12 the document, we see this chain starts with an</p> <p>13 e-mail from you, correct?</p> <p>14 A. Yes.</p> <p>15 Q. And you sent this e-mail on February 28,</p> <p>16 2013?</p> <p>17 A. Yes.</p> <p>18 Q. And, again, you recognize that to be in</p> <p>19 the same general time frame that we have been</p> <p>20 talking about as it relates to these meetings that</p> <p>21 you were involved in revolving around the plan for</p> <p>22 Perrysburg after the DEA came in and served them</p> <p>23 with a warrant and subpoenas, correct?</p> <p>24 A. Yes.</p>	<p>1 write a record to the jobber file. Instead an</p> <p>2 insufficient will be sent to the store. We are</p> <p>3 confident this will be done coding and testing the</p> <p>4 changes by Saturday."</p> <p>5 Do you see that?</p> <p>6 A. Yes.</p> <p>7 Q. And would it be fair to characterize</p> <p>8 that what you're summarizing here in this e-mail is</p> <p>9 a solution that you and your team is implementing</p> <p>10 to prevent orders of C-IIs to going to a Cardinal</p> <p>11 Health distribution center because they have</p> <p>12 indicated they would not fill those orders?</p> <p>13 A. Yes.</p> <p>14 Q. Is this type of implementation of a</p> <p>15 solution typical of the type of general task that</p> <p>16 you and your IT team perform for folks within the</p> <p>17 business side?</p> <p>18 A. Yes. They would ask us to do something,</p> <p>19 and we would write the code and the programs to --</p> <p>20 to accommodate that request.</p> <p>21 Q. Okay. You told us and you've made clear</p> <p>22 that you get your directions from the business</p> <p>23 side. Is there anybody particular on the business</p> <p>24 side that you, you or your team, typically gets</p>

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<p>1 their direction from?</p> <p>2 MR. LEVINE: Objection; overbroad as to time.</p> <p>3 BY THE WITNESS:</p> <p>4 A. No, there is no one in particular.</p> <p>5 There is wide variety of business users.</p> <p>6 BY MR. GADDY:</p> <p>7 Q. I know you told us earlier that Brian</p> <p>8 Amend I think was your supervisor, correct?</p> <p>9 A. Yes.</p> <p>10 Q. Is he the type of person that gives you</p> <p>11 solutions or programs to implement or is it not him</p> <p>12 as an IT person but people from the business side</p> <p>13 that give you those programs to implement?</p> <p>14 A. It would be from the business side.</p> <p>15 Q. Okay. That includes people you</p> <p>16 reference here, John and Denny. That would be</p> <p>17 Denny Thompson and John Merritello?</p> <p>18 A. Yes, they are from the business side,</p> <p>19 yes.</p> <p>20 Q. And those are examples of types of</p> <p>21 people that would from time to time give you</p> <p>22 projects or solutions to implement, correct?</p> <p>23 A. One of many of the users we would deal</p> <p>24 with, yes.</p>	<p>1 e-mail from you to Dave Nelson. Right?</p> <p>2 A. Yes.</p> <p>3 Q. And at the time was Dave Nelson on your</p> <p>4 team?</p> <p>5 A. Yes.</p> <p>6 Q. Is he still on your team?</p> <p>7 A. No.</p> <p>8 Q. Is he still with the company?</p> <p>9 A. No.</p> <p>10 Q. Do you know where he is?</p> <p>11 A. No.</p> <p>12 Q. And you tell Dave in the e-mail, "Here</p> <p>13 is an Excel document that contains the stores and</p> <p>14 items that should not go to Cardinal."</p> <p>15 Do you see that?</p> <p>16 A. Yes.</p> <p>17 Q. So, do you understand that not only were</p> <p>18 you given a list of these 367 red-flagged stores,</p> <p>19 but you were also given a list of products or items</p> <p>20 that could not go to Cardinal Health?</p> <p>21 A. Yes.</p> <p>22 Q. It says, "If we have the product in our</p> <p>23 DC," in our distribution center, "it is okay to</p> <p>24 pick. We just do not want to send them to</p>
<p style="text-align: center;">Page 147</p> <p>1 Q. Fair to -- if you had to give me a rough</p> <p>2 estimate, not a number I'm going to hold you to,</p> <p>3 but a rough estimate, of number of people on the</p> <p>4 business side that over your time as a manager, so</p> <p>5 just going back to 2013 -- 2003, that would have</p> <p>6 asked you for or assigned you projects or asked you</p> <p>7 to implement solutions, can you give me an</p> <p>8 approximate number of folks from the business side</p> <p>9 that have asked you to do that?</p> <p>10 A. Say 50, 60 different people.</p> <p>11 Q. So, a lot of folks?</p> <p>12 A. Yes.</p> <p>13 Q. Okay. If you turn the page and look at</p> <p>14 the next e-mail in the chain, it looks like you</p> <p>15 then sent this e-mail to Denny and John and said,</p> <p>16 "Whoops, sorry, this should have gone to you as</p> <p>17 well as the other folks"?</p> <p>18 A. Yes. If I mention their name, I</p> <p>19 normally include them on the e-mails. And it looks</p> <p>20 like I forgot.</p> <p>21 Q. Sure. Just an oversight?</p> <p>22 A. Yep.</p> <p>23 Q. Okay. Let's go to the first page of the</p> <p>24 e-mail. And at the bottom of the page we see an</p>	<p style="text-align: center;">Page 149</p> <p>1 Cardinal."</p> <p>2 Do you see that?</p> <p>3 A. Yes, I do.</p> <p>4 Q. And does that indicate to you that even</p> <p>5 though these items won't be filled by Cardinal</p> <p>6 Health, if you had those items within the</p> <p>7 Perrysburg distribution center, that Perrysburg had</p> <p>8 the green light to continue to fill these orders</p> <p>9 back to the pharmacies?</p> <p>10 A. Yes.</p> <p>11 Q. You go on to say, "We just do not want</p> <p>12 to send them to Cardinal." Correct?</p> <p>13 A. We are to prevent them from going to</p> <p>14 Cardinal.</p> <p>15 Q. Because Cardinal wouldn't fill the</p> <p>16 orders?</p> <p>17 A. I don't know exactly why Cardinal didn't</p> <p>18 want them. Just know we weren't supposed to send</p> <p>19 them there.</p> <p>20 Q. Okay. Well, we saw from the earlier</p> <p>21 e-mails that Cardinal was refusing to fill orders</p> <p>22 to those red-flagged stores, right?</p> <p>23 A. Yes. But at the time this was, I had no</p> <p>24 knowledge of that.</p>

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<p>1 Q. Well, you were included in these e-mails 2 and you were included in routing these orders away 3 from Cardinal into the Perrysburg's distribution 4 center, right?</p> <p>5 A. Yes.</p> <p>6 Q. If you see Dave's response to you just 7 above, he says, "So each store should be combined 8 with each item? Meaning 300 times 500 equals 9 150,000 records. Is that correct?"</p> <p>10 A. Yes.</p> <p>11 Q. Okay. Do you understand what he is 12 saying there?</p> <p>13 A. We are going to have a file that will 14 have 15 -- 150,000 records on there of stores and 15 items that we will compare every order against.</p> <p>16 Q. Okay. So, one of these multipliers of 3 17 or 500, one of those numbers relates to -- again, 18 these are approximates I'm sure. But one of these 19 relates to the number of red-flagged stores and one 20 of these would relate to the number of items that 21 are restricted from going to Cardinal Health. Is 22 that correct? Do I understand that right?</p> <p>23 A. Yes.</p> <p>24 Q. You then respond at the top of the</p>	<p>1 be prevented from going to Cardinal Health because 2 they weren't allowed to distribute them to their 3 stores?</p> <p>4 A. I had no knowledge of that. So...</p> <p>5 Q. Do you know how many controlled 6 substance items or product lines were included or 7 were available to be shipped to Walgreens stores?</p> <p>8 A. I don't remember, no.</p> <p>9 Q. From Dave's e-mail, we can discern that 10 it's either approximately 300 or approximately 500. 11 Is that fair?</p> <p>12 A. That would be fair.</p> <p>13 Q. And the number that we've seen as far as 14 red-flagged stores I think is 376, correct?</p> <p>15 A. Yes.</p> <p>16 Q. And according to your e-mail at the top 17 of the page, you were at least a little bit 18 surprised that there were so many items that 19 couldn't be shipped to these certain Walgreens 20 stores, is that correct?</p> <p>21 A. I was surprised at the number of them, 22 yes.</p> <p>23 Q. I'm going to show you what we are going 24 to mark as Peterson 14. It's P-WAG-2040.</p>
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<p>1 page and say, "Yes, I did not realize that there 2 were so many items that we could not ship to these 3 stores, from a jobber."</p> <p>4 Correct?</p> <p>5 A. Yes.</p> <p>6 Q. And the jobber you're talking about 7 there is Cardinal Health?</p> <p>8 A. Yes.</p> <p>9 Q. And you ask, "Is that going to be a 10 problem?"</p> <p>11 A. Yes, I did ask that.</p> <p>12 Q. What were you worried about?</p> <p>13 A. Just file sizes.</p> <p>14 Q. Okay.</p> <p>15 A. Do we have enough space, enough...</p> <p>16 Q. When you looked down at this rough 17 equation in the e-mail below from Dave, the 300 18 times 500, do you have an understanding as to which 19 of those two numbers represents the number of items 20 and which of those represents the number of stores?</p> <p>21 A. No, I do not.</p> <p>22 Q. Would it surprise you to know that there 23 were only -- that there were about approximately 24 500 separate controlled substance items that had to</p>	<p>1 (WHEREUPON, a certain document was 2 marked as Walgreens-Peterson 3 Exhibit No. 14: 2/28/13 e-mail 4 string; WAGMDL00407724 - 00407726.)</p> <p>5 BY MR. GADDY:</p> <p>6 Q. And if we go back to the middle page, 7 which is actually the last e-mail or the first 8 e-mail in the chain, it looks like we see the same 9 e-mail that we just started out with, correct?</p> <p>10 A. Yes.</p> <p>11 Q. This is the e-mail where you were 12 meeting with Denny and John and finding out a way 13 and developing or implementing a solution to make 14 sure that these controlled substances were not sent 15 to Cardinal for the 367 red-flagged stores, 16 correct?</p> <p>17 A. Yes.</p> <p>18 Q. And if you go up, you see again the 19 e-mail where you reforwarded it to Denny and John 20 because they weren't copied originally, right?</p> <p>21 A. Yes.</p> <p>22 Q. Okay. And then if you go up to the 23 e-mail above that, it looks like Denny forwarded 24 this e-mail to Tasha Polster, Rex Swords and Mike</p>

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<p>1 Bleser.</p> <p>2 Do you see that?</p> <p>3 A. Yes.</p> <p>4 Q. And I believe you already told me you 5 didn't -- you don't know who Tasha Polster is, 6 right?</p> <p>7 A. That is correct.</p> <p>8 MR. GADDY: And I'm actually on the next 9 e-mail down, Roderrick.</p> <p>10 BY MR. GADDY:</p> <p>11 Q. Remind me. I think you also told me you 12 don't know Mike Bleser?</p> <p>13 A. No, I do not recall him.</p> <p>14 Q. What about Rex Swords?</p> <p>15 A. No, I do not recall him either.</p> <p>16 Q. Do you remember hearing Rex's name at 17 all or knowing who he was even if you didn't have a 18 personal relationship with him?</p> <p>19 A. I don't remember, no.</p> <p>20 Q. Okay. The only person you know on this 21 e-mail here is Denny Murray?</p> <p>22 A. Yes.</p> <p>23 Q. Do you have any understanding that -- if 24 I was to represent to you that Tasha Polster is the</p>	<p>1 stores did not have any of their orders go to</p> <p>2 Cardinal Health, right?</p> <p>3 A. Yes.</p> <p>4 Q. And Denny's response here in the first 5 line is "Huge news." Correct?</p> <p>6 A. Yes.</p> <p>7 Q. It says, "Brainstorming with Doug has 8 allowed us to find a way to send C-IIIs to Cardinal 9 while blocking those items that would flag our red 10 stores to the DEA."</p> <p>11 Do you see that?</p> <p>12 A. Yes.</p> <p>13 Q. During the time that you were asked to 14 implement this -- this program or this solution, do 15 you recall anybody at Walgreens, whether it was 16 Denny or John or anybody else, telling you that the 17 purpose of this implementation was to prevent items 18 from going to stores that would flag those stores 19 to the DEA?</p> <p>20 A. No, I have no knowledge of that.</p> <p>21 Q. It goes on to say, "This means that red 22 stores will be able to order Cardinal only C-IIIs 23 and ISNs for all non-narcotic analgesics."</p> <p>24 Do you see that?</p>
<p style="text-align: center;">Page 155</p> <p>1 head of the Pharmaceutical Integrity unit and the 2 head of the Pharmacovigilance Department within 3 Walgreens, does that mean anything to you?</p> <p>4 A. No.</p> <p>5 Q. Are you aware of that department?</p> <p>6 A. No.</p> <p>7 Q. Have you ever heard of the Rx Integrity 8 team or the Rx Integrity unit?</p> <p>9 A. No.</p> <p>10 Q. Have you ever heard of the 11 pharmacovigilance team or the pharmacovigilance 12 unit within Walgreens?</p> <p>13 A. No.</p> <p>14 Q. Do you know what the term 15 "pharmacovigilance" means?</p> <p>16 A. No.</p> <p>17 Q. If I represented to you that Rex Swords 18 is an executive over pharmacy operations, does that 19 ring any bells with you?</p> <p>20 A. No.</p> <p>21 Q. So, if we recall, the original e-mail in 22 this chain, you were indicating that you'd met with 23 John and Denny and that you were coming up with a 24 solution to make sure that these 367 red-flagged</p>	<p style="text-align: center;">Page 157</p> <p>1 A. Yes.</p> <p>2 Q. What does "ISNs" mean?</p> <p>3 A. Insufficient notices.</p> <p>4 Q. What does that mean?</p> <p>5 A. Means we will not be able to fulfill 6 your store order. It goes back to the store so 7 that they know they are not getting it.</p> <p>8 Q. Okay. So, let me tell you what I 9 understand that to mean and you tell me if I'm 10 right or wrong.</p> <p>11 Does that mean that you are going to set 12 up a system to where if one of those stores tries 13 to order these controlled substances from Cardinal, 14 they would get an error type message?</p> <p>15 A. No. We are not setting up -- our 16 current system has it where if we don't fulfill the 17 order, we respond back to the store that you're not 18 getting this order from the DC.</p> <p>19 Q. Then he goes on to say, "The problem 20 with C35s." You understand that to mean 21 Schedule III through Vs?</p> <p>22 A. Yes.</p> <p>23 Q. "The problem with C35s still remains. 24 The DC cannot separate narcotic analgesic orders</p>

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<p>1 going to Cardinal. That process resides in the 2 store's system as an all-or-none feature."</p> <p>3 Do you see that?</p> <p>4 A. Yes.</p> <p>5 Q. What does that mean to you?</p> <p>6 A. I'm not really sure what that means.</p> <p>7 Q. The only workaround that you were able 8 to set up as it relates to these 367 red-flagged 9 stores related to the Schedule II controlled 10 substances, correct?</p> <p>11 A. Yes.</p> <p>12 Q. You weren't able to develop any type of 13 workaround to allow the red-flagged stores to 14 continue ordering Schedules III through V, correct?</p> <p>15 A. Correct.</p> <p>16 Q. Now, at this point in time when -- that 17 was February 2013, correct?</p> <p>18 A. Yes. Yes.</p> <p>19 Q. And you recall we've looked at the 20 documents from earlier, particularly the thick 21 document with the Order to Show Cause in it, that 22 it indicated that the controlled substances at 23 Jupiter had been locked up back in September of the 24 previous year, of 2012.</p>	<p>1 correct?</p> <p>2 A. From what I read in the e-mails, yes. I 3 don't recall them from back then.</p> <p>4 Q. Okay. Do you recall as you sit here 5 today also dealing with stores that Cardinal Health 6 had red-flagged, meaning refused to distribute 7 controlled substances to, that were typically 8 serviced by the Woodland distribution center?</p> <p>9 A. I do not recall any of that, no.</p> <p>10 Q. Okay. I'm going to show you what I'm 11 going to mark as Peterson 15. P-WAG-2033. 12 (WHEREUPON, a certain document was 13 marked as Walgreens-Peterson 14 Exhibit No. 15: 4/9/13 e-mail 15 sting; WAGMDL00358578 - 00358580.)</p> <p>16 BY MR. GADDY:</p> <p>17 Q. And do you recognize this document again 18 as a -- as another e-mail chain?</p> <p>19 A. Yes.</p> <p>20 Q. And it looks like in the first e-mail, 21 that would be the last one in the chain that we'll 22 get to in a minute, it looks like it was ultimately 23 from you, correct, the first page?</p> <p>24 A. Oh, the first page? Yes, that is my</p>
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<p>1 Do you recall that?</p> <p>2 MR. LEVINE: Objection; lacks foundation.</p> <p>3 BY THE WITNESS:</p> <p>4 A. I don't recall that, no.</p> <p>5 BY MR. GADDY:</p> <p>6 Q. Okay. Well, regardless, we saw in these 7 e-mails that we just looked at in early 2013 that 8 Walgreens was in the process of stopping to ship 9 Schedule II controlled substances from the 10 Perrysburg distribution center, correct?</p> <p>11 A. We were asked to write code to stop 12 some.</p> <p>13 Q. And you saw in the meeting notes where 14 the plan was to ship Schedule II controlled 15 substances from Perrysburg until the DEA came in 16 and shut them down. Do you recall that?</p> <p>17 A. I recall the e-mail, but I don't recall 18 back from then.</p> <p>19 Q. I understand. And what we just looked 20 at was some correspondence from Cardinal Health and 21 then some projects that you were involved with 22 where Cardinal Health had red-flagged several 23 stores, Walgreens stores, that were typically 24 serviced by the Perrysburg distribution center,</p>	<p>1 name.</p> <p>2 Q. So, this is another e-mail chain, 3 whether or not you're in the first one we are going 4 to look at, ultimately you were involved in this 5 e-mail correspondence, correct?</p> <p>6 A. Yes.</p> <p>7 Q. So, if you flip the page, do you see a, 8 starting in about halfway down the page, an e-mail 9 from Lisa Penn at Cardinal Health?</p> <p>10 A. Yes.</p> <p>11 Q. And the date of this e-mail is April 9, 12 2013, correct?</p> <p>13 A. Yes, it is.</p> <p>14 Q. And, so, this is a month or two after 15 these last e-mails we were looking at where you 16 were developing a workaround for the red-flagged 17 stores out of Perrysburg, right?</p> <p>18 A. Yes.</p> <p>19 Q. And this e-mail goes to Denny Murray and 20 also Tasha Polster?</p> <p>21 A. Yes.</p> <p>22 Q. And the subject is "Walgreens Woodland 23 Data - Red Stores."</p> <p>24 Do you see that?</p>

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<p>1 A. Yes, I do.</p> <p>2 Q. It goes on to say, "Denny and Tasha, we 3 completed our analysis of the Woodland store data 4 and I have attached the results. We applied the 5 same analytical framework to these stores as we did 6 for the Perrysburg stores. Below are the totals in 7 terms of how the classifications were made."</p> <p>8 Do you see that?</p> <p>9 A. Yes.</p> <p>10 Q. And then below that do you that there is 11 a chart that Lisa from Cardinal Health has included 12 which identifies which classifications were 13 assigned to how many different Walgreens stores?</p> <p>14 A. Yes, I see the chart.</p> <p>15 Q. And how many stores does Lisa indicate 16 were classified as red?</p> <p>17 A. 190.</p> <p>18 Q. Okay. And what percentages -- what 19 percentage of the stores serviced by the Woodland 20 distribution center did that encapsulate?</p> <p>21 A. 12.29.</p> <p>22 Q. And from the earlier documents that 23 we've looked at, do you understand that to mean 24 that Cardinal Health is indicating that they have,</p>	<p>1 Do you see that?</p> <p>2 A. Yes.</p> <p>3 Q. Do you understand that to mean that 4 Cardinal Health is now refusing to ship controlled 5 substances to those 190 stores?</p> <p>6 A. I'm not really sure if that's what that 7 means or not.</p> <p>8 Q. Well, when we looked at the stores that 9 were red-flagged in Perrysburg, you understood that 10 Cardinal Health was not going to distribute them 11 controlled substances and therefore you had to come 12 up with a workaround, right?</p> <p>13 A. For Perrysburg, correct.</p> <p>14 Q. He goes on to say, "I will need you 15 gentlemen to put in place the same restrictions we 16 had for the 225 Perrysburg stores that blocked C-II 17 orders and PFL/OOS for the C-II through V narcotic 18 analgesics."</p> <p>19 Do you see that?</p> <p>20 A. Yes, I see that.</p> <p>21 Q. First, when we see narcotic analgesics, 22 C-II through V narcotic analgesics, do you 23 understand that to mean Schedule II through V 24 controlled substances?</p>
<p>1 on objective measures only, flagged 190 Walgreens 2 stores as red and therefore will not ship 3 controlled substances to them?</p> <p>4 MS. PETERSEN: Objection; foundation.</p> <p>5 BY THE WITNESS:</p> <p>6 A. I'm -- no, I have no recollection of 7 that. No.</p> <p>8 BY MR. GADDY:</p> <p>9 Q. Well, let's keep reading.</p> <p>10 The next e-mail looks like it comes from 11 Denny Murray. The next e-mail in the chain. If 12 you flip to the first page.</p> <p>13 A. Yes, I see that.</p> <p>14 Q. And that e-mail goes to you, John 15 Merritello and Steve Bamberg, correct?</p> <p>16 A. Yes.</p> <p>17 Q. And it looks like he's forwarded that 18 first e-mail to you that had the number of red, 19 orange, yellow and green stores on it, correct?</p> <p>20 A. Yes.</p> <p>21 Q. And he writes here, "Cardinal is now 22 restricting the distribution of C-II through V 23 narcotic analgesics for 190 stores out of Woodland 24 starting Friday, April 12."</p>	<p>1 A. I'd say C-II through V, yes.</p> <p>2 Q. So, do you understand that Denny -- let 3 me ask you this. This e-mail is from five and a 4 half years ago, right?</p> <p>5 A. Yes, it is.</p> <p>6 Q. As you sit here today, do you recall 7 getting this e-mail from Denny asking you to 8 develop a workaround for Woodland like you had for 9 Perrysburg?</p> <p>10 A. No, I do not remember that.</p> <p>11 Q. But do you understand from looking at 12 this document that that's what he was asking you to 13 do?</p> <p>14 A. Yes.</p> <p>15 Q. Okay. And so then you respond in the 16 top e-mail and you say, "I just want to verify: 17 We're using same list of products" -- excuse me -- 18 "same list of items from Perrysburg." Correct?</p> <p>19 A. Yes.</p> <p>20 Q. And that would be either that 300 or 500 21 number that we saw in Dave's formula where he was 22 doing number of stores multiplied by number of 23 items?</p> <p>24 A. One of those, yes.</p>

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<p>1 Q. Okay. And "The Woodland distribution 2 center will still pick the product if it has 3 quantity."</p> <p>4 Do you see that?</p> <p>5 A. Yes.</p> <p>6 Q. And do you understand that to mean that, 7 just like in Perrysburg, even though Cardinal 8 Health is refusing to distribute controlled 9 substances to these Walgreens stores, you're asking 10 whether or not the Woodland distribution center 11 will continue to still distribute to those stores 12 just like it did in Perrysburg?</p> <p>13 A. Yes, I'm asking if Woodland DC would 14 distribute that, this product.</p> <p>15 Q. And that is how it worked in Perrysburg, 16 right?</p> <p>17 A. Yes.</p> <p>18 Q. And you go on to say, "This should not 19 be a problem from the distribution center side," 20 correct?</p> <p>21 A. Yes.</p> <p>22 Q. So, you agree that in addition to 23 Cardinal Health identifying red-flagged stores at 24 the Perrysburg -- that came out of the Perrysburg</p>	<p>1 A. Yes.</p> <p>2 Q. And if you look up at the "To" line for 3 this meeting, it looks like Vinayak is the first 4 one in the list, and we've seen several, he has 5 been involved in a lot of these communications, 6 correct?</p> <p>7 A. Yes.</p> <p>8 Q. And then over on the right-hand side of 9 that top line, we see Denny Murray who we've seen 10 over and over, correct?</p> <p>11 A. Yes.</p> <p>12 Q. And then at the end of the third line 13 down we see you, Doug Peterson, correct?</p> <p>14 A. Yes.</p> <p>15 Q. So, you also received the invitation to 16 this conference call meeting?</p> <p>17 A. Yes.</p> <p>18 Q. And if you go down at the bottom of the 19 page where we start to see some of the updates, we 20 see the updates for March 1, correct?</p> <p>21 A. Yes.</p> <p>22 Q. And do you recall that the original plan 23 had been that Perrysburg would stop distributing by 24 March 1?</p>
<p>1 distribution center, they also identified 2 red-flagged stores that came out of the Woodland 3 distribution center, correct?</p> <p>4 A. I don't remember that, but based on the 5 e-mails, yes.</p> <p>6 Q. I want to show you what we are going to 7 mark as Peterson 16. This is going to be 8 P-WAG-2016.</p> <p>9 (WHEREUPON, a certain document was 10 marked as Walgreens-Peterson 11 Exhibit No. 16: 2/27/13 12 appointment e-mail; WAGMDL00335835 13 - 00335837.)</p> <p>14 BY MR. GADDY:</p> <p>15 Q. And if we look at -- we can start just 16 on the first page here. And it looks like this is, 17 if you go down to the subject line, this seems to 18 be the same kind of continuing meeting or e-mail 19 chain that we've looked at a couple times. The 20 subject is Perrysburg C-III through V follow-up.</p> <p>21 Do you see that?</p> <p>22 A. Yes.</p> <p>23 Q. And it looks like it's got a conference 24 call number there?</p>	<p>1 A. I don't recall at -- when this was, but 2 from the e-mails I do, yes.</p> <p>3 Q. Okay. And, so, but this is the 4 March 1st update and what it says is, "Perrysburg 5 will continue to serve the 367 red-flagged stores 6 until April 1," right?</p> <p>7 A. Yes.</p> <p>8 Q. And the next bullet point says, "Jobber 9 list for redirects."</p> <p>10 Do you see that?</p> <p>11 A. Yes.</p> <p>12 Q. It says, "ABC warehouse in New Jersey is 13 closing - Logistics needs an updated address for 14 the correct facility to print on the 222 forms."</p> <p>15 Do you see that?</p> <p>16 A. Yes.</p> <p>17 Q. And you understand the 222 forms to be 18 the forms that the stores or the pharmacies have to 19 fill out to order controlled substances?</p> <p>20 A. Yes, I know that.</p> <p>21 Q. If you go to the next page and look at 22 the top of the page, you see it says, "New stores: 23 What would be the plan to assign C-II DCs to the 24 new stores after 3/1 when Perrysburg will be down</p>

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<p>1 to servicing only the 367 stores?"</p> <p>2 Do you see that?</p> <p>3 A. Yes.</p> <p>4 Q. So, is it clear to you from looking at</p> <p>5 this document that memorializes some of the events</p> <p>6 leading up to this call that was being scheduled is</p> <p>7 that as of March 1st it looks like Perrysburg was</p> <p>8 going to be distributing controlled substances only</p> <p>9 to those 367 red-flagged stores that Cardinal</p> <p>10 Health would not distribute to, correct?</p> <p>11 A. Based on the e-mail, yes.</p> <p>12 Q. And if you look down -- the next heading</p> <p>13 that you see in bold, it says, "Previous Updates."</p> <p>14 Right?</p> <p>15 A. Yes.</p> <p>16 Q. And then if you -- you look at the first</p> <p>17 one, it's the one that we've seen several times</p> <p>18 under "C2," "Perrysburg will continue to pick what</p> <p>19 they can until the DEA comes and shuts them down."</p> <p>20 Do you see that?</p> <p>21 A. Yes.</p> <p>22 Q. And it looks like Vinayak essentially</p> <p>23 just kept a running list so that folks could kind</p> <p>24 of continue to see what had happened and what had</p>	<p>1 A. Okay.</p> <p>2 Q. And it says, "Denny/Doug to determine</p> <p>3 what we need to do to process orders for these</p> <p>4 stores to account for the order redirects</p> <p>5 properly."</p> <p>6 Do you see that?</p> <p>7 A. Yes.</p> <p>8 Q. You understand that to be talking about</p> <p>9 you?</p> <p>10 A. Yes. That's me.</p> <p>11 Q. And what they are talking about here,</p> <p>12 would this be the solution that you ultimately were</p> <p>13 able to implement to prevent those 367 stores from</p> <p>14 submitting controlled substance orders to Cardinal</p> <p>15 Health?</p> <p>16 A. Yes.</p> <p>17 Q. Then it says, "Redirects to Cardinal</p> <p>18 need to be stopped as Cardinal is not filling</p> <p>19 orders as they are considered suspicious."</p> <p>20 Do you see that?</p> <p>21 A. I see that.</p> <p>22 Q. And this is consistent with your</p> <p>23 understanding and what we've seen in some of these</p> <p>24 documents earlier today that Cardinal Health was</p>
<p style="text-align: center;">Page 171</p> <p>1 changed over time.</p> <p>2 Do you see that?</p> <p>3 A. Yes, I see.</p> <p>4 Q. And if we go down that page, do you see</p> <p>5 there is a section that says, "Updates 2/27"?</p> <p>6 A. Yes.</p> <p>7 Q. And does that indicate to you that these</p> <p>8 were the updates that were made to this plan as of</p> <p>9 February 27?</p> <p>10 A. Yes.</p> <p>11 Q. And in the first bullet point there it</p> <p>12 says, "Continue to service potentially red-flagged</p> <p>13 stores."</p> <p>14 Do you see that?</p> <p>15 A. Yes, I do.</p> <p>16 Q. And it says, "The Rx purchasing team is</p> <p>17 working on the stores. The plan is to send the</p> <p>18 store list to the 367 stores to the distribution</p> <p>19 center by EOD," which I assume means end of day,</p> <p>20 correct?</p> <p>21 A. That's what it says, yes.</p> <p>22 Q. If you skip down a couple of bullet</p> <p>23 points, there is then an asterisk that starts</p> <p>24 "367 potentially red flag stores."</p>	<p style="text-align: center;">Page 173</p> <p>1 refusing to provide controlled substances to those</p> <p>2 367 stores, correct?</p> <p>3 MR. LEVINE: Objection; lacks foundation.</p> <p>4 BY THE WITNESS:</p> <p>5 A. I'm not 100% sure, no.</p> <p>6 BY MR. GADDY:</p> <p>7 Q. Well, let's read what it says. It says,</p> <p>8 "Redirects to Cardinal need to be stopped."</p> <p>9 Right?</p> <p>10 A. That's what the document says, yes.</p> <p>11 Q. And it says, "As Cardinal is not</p> <p>12 fulfilling orders as they are considered</p> <p>13 suspicious."</p> <p>14 Correct?</p> <p>15 A. That is correct.</p> <p>16 Q. Despite that determination or decision</p> <p>17 by Cardinal Health, Walgreens continued to supply</p> <p>18 those stores with controlled substances out of</p> <p>19 their Perrysburg distribution center, correct?</p> <p>20 MR. LEVINE: Objection to form, foundation.</p> <p>21 BY THE WITNESS:</p> <p>22 A. I would have no knowledge of that.</p> <p>23 BY MR. GADDY:</p> <p>24 Q. Okay. Well, go back up to the -- go to</p>

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<p>1 the first page and look at the bottom of the 2 page under "Updates 3/1." 3 A. Okay. 4 Q. What does it say there? What's the 5 first bullet point say? 6 A. "Perrysburg will continue to serve 367 7 red-flagged stores until 4/1." 8 Q. From looking at this document and -- 9 that you were copied on and invited to the meeting 10 and were asked to implement some solutions related 11 to working around orders going to Cardinal, do you 12 understand that despite Cardinal Health indicating 13 that they would not full these orders as they are 14 considered suspicious, Walgreens and specifically 15 the Perrysburg distribution center would continue 16 to serve those 367 red-flagged stores? 17 MR. LEVINE: Objection to form, foundation. 18 BY THE WITNESS: 19 A. I would not know that. All I know is 20 the programs that I was asked to write into code. 21 BY MR. GADDY: 22 Q. When you look at this on the document, 23 is that your understanding? 24 MR. LEVINE: Objection to form, foundation.</p>	<p>1 Perrysburg." 2 Do you see that? 3 A. Yes. 4 Q. And it looks like what Vinayak is asking 5 for here is two separate lists. The first would be 6 "C-II jobbers that we need to update on Perrysburg 7 so the orders would redirect correctly to them." 8 Do you see that? 9 A. Yes. 10 Q. Does that indicate to you that Vinayak 11 is asking for a list of potential vendors for 12 Perrysburg? 13 A. Yes. 14 Q. And they're also -- Vinayak is also 15 asking a list for the red-flagged stores for 16 Perrysburg so that we can pull the volume numbers 17 for the distribution center so they can plan their 18 labor and we'd also need to update our programs to 19 figure out how to handle these store orders. 20 Correct? 21 A. Yes, that's what it says. 22 Q. And these red-flagged stores are the 23 ones that Cardinal has considered suspicious but 24 the ones that Perrysburg is going to continue to</p>
<p style="text-align: center;">Page 175</p> <p>1 BY THE WITNESS: 2 A. I only know we were asked to stop the 3 programs -- write programs to stop these stores. I 4 can't -- 5 BY MR. GADDY: 6 Q. Mr. Peterson, I'm just asking you 7 whether or not the document indicates the 8 Perrysburg distribution center is going to continue 9 to serve those stores. Is that what it indicates? 10 A. Yes, it does indicate that. 11 Q. I'm going to show you what I will mark 12 as Peterson 17. 13 (WHEREUPON, a certain document was 14 marked as Walgreens-Peterson 15 Exhibit No. 17: 2/28/13 e-mail; 16 WAGMDL00541412.) 17 BY MR. GADDY: 18 Q. This is a one-page e-mail, looks like 19 it's coming from Vinayak, and it's to Bill Groth 20 and Megan Butterfield and I see you on the cc line. 21 Do you see that? 22 A. Yes. 23 Q. And the subject of this e-mail is "C-II 24 jobber list and red flag store list for</p>	<p style="text-align: center;">Page 177</p> <p>1 supply controlled substances to, correct? 2 MR. LEVINE: Objection; lacks foundation, 3 form. 4 BY THE WITNESS: 5 A. I'm -- I'm not sure from this e-mail. 6 BY MR. GADDY: 7 Q. Okay. At any of your time at Walgreens 8 in the supply and logistics IT department, do you 9 recall having any involvement with thresholds as it 10 relates to controlled substances? 11 A. No. 12 Q. Do you recall ever being asked by 13 anybody on the business side to set or develop 14 thresholds that relate to controlled substances? 15 A. No. 16 Q. When I say "thresholds on controlled 17 substances," does that mean anything to you? 18 A. Some kind of limit. 19 Q. But you would have no idea what that 20 meant internally at Walgreens at it related -- 21 A. No, I would not know what that meant 22 from -- at Walgreens. 23 Q. I'll show you what I'll mark as Peterson 24 Exhibit No. 8.</p>

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<p>1 MR. LEVINE: You mean 18.</p> <p>2 MR. GADDY: Yes, 18. Thank you.</p> <p>3 (WHEREUPON, a certain document was</p> <p>4 marked as Walgreens-Peterson</p> <p>5 Exhibit No. 18: 3/13/13 e-mail</p> <p>6 string; WAGMDL00102642 - 00102644.)</p> <p>7 BY MR. GADDY:</p> <p>8 Q. This is P-WAG-2089. And I'm just going</p> <p>9 to show you this real quick and see if this jogs</p> <p>10 your memory about anything as it relates to</p> <p>11 thresholds.</p> <p>12 If you look at the bottom of the page,</p> <p>13 we are going to see the start of the first e-mail.</p> <p>14 Bottom of the first page you see it's an e-mail</p> <p>15 from Nicholas Rausch?</p> <p>16 A. Yes.</p> <p>17 Q. Do you know who he is?</p> <p>18 A. No, I do not.</p> <p>19 Q. And it looks like this e-mail goes to</p> <p>20 Lisa Penn who we've seen a couple times now works</p> <p>21 for Cardinal Health, and the subject of the e-mail</p> <p>22 is "Walgreens Threshold Limits."</p> <p>23 A. Yes.</p> <p>24 Q. If you turn to the next page, it says,</p>	<p>1 Q. Do you see if we look at the -- see if</p> <p>2 we look at the spreadsheet that it has what looks</p> <p>3 like on the far left-hand column a DEA number and</p> <p>4 then a store number and then a state?</p> <p>5 MR. LEVINE: Objection; lacks foundation.</p> <p>6 BY THE WITNESS:</p> <p>7 A. I see that, yes.</p> <p>8 MR. GADDY: And Mr. Peterson and Mark, I'll</p> <p>9 represent to you that this spreadsheet was a couple</p> <p>10 hundred pages. All that I have on here are the</p> <p>11 Ohio stores.</p> <p>12 MR. LEVINE: Okay.</p> <p>13 BY MR. GADDY:</p> <p>14 Q. I'm sorry, Mr. Peterson. You saw where</p> <p>15 I was?</p> <p>16 A. Yes.</p> <p>17 Q. Okay. And then do you see as you go</p> <p>18 across the top of the page there are the names of</p> <p>19 different drug categories?</p> <p>20 A. I see that, but I'm not familiar with</p> <p>21 this report.</p> <p>22 Q. I understand. I just want to make sure</p> <p>23 you see it and recognize it, and then I'm going to</p> <p>24 ask you a question or two. But I understand you</p>
<p style="text-align: center;">Page 179</p> <p>1 "Lisa, during one of the conference calls with</p> <p>2 Denny and Tasha last week, they had asked us to</p> <p>3 send us a list of threshold limits for each store.</p> <p>4 Attached is the threshold limits that we</p> <p>5 implemented this past weekend for all Walgreens</p> <p>6 stores serviced from their Perrysburg distribution</p> <p>7 center."</p> <p>8 Do you see that?</p> <p>9 A. Yes.</p> <p>10 Q. It says, "I have included all C-II drug</p> <p>11 families and the threshold limit that is in our</p> <p>12 system as of this morning. These values are</p> <p>13 dynamic and can change as we continue to evaluate</p> <p>14 the stores."</p> <p>15 Do you see that?</p> <p>16 A. Yes.</p> <p>17 Q. And if you flip the page, you'll see a</p> <p>18 spreadsheet that is titled "Walgreens Perrysburg</p> <p>19 SOM Limits."</p> <p>20 Do you see that?</p> <p>21 A. Yes.</p> <p>22 Q. Does the acronym SOM mean anything to</p> <p>23 you?</p> <p>24 A. No, it does not.</p>	<p style="text-align: center;">Page 181</p> <p>1 haven't seen this report before.</p> <p>2 A. I have no idea.</p> <p>3 Q. If you look at the title "SOM," do you</p> <p>4 see right underneath the SOM there is the column</p> <p>5 for oxycodone?</p> <p>6 A. Yes.</p> <p>7 Q. And we talked about oxycodone a little</p> <p>8 bit earlier today and you have indicated today that</p> <p>9 you're aware of what that is, correct?</p> <p>10 A. I'm aware of the drug, yes.</p> <p>11 Q. Okay. And do you see listed below</p> <p>12 there, there are numbers, some of which are the</p> <p>13 same but some of which are different that would</p> <p>14 correspond to the different stores?</p> <p>15 A. There's numbers, yes. I'm not sure what</p> <p>16 they are but...</p> <p>17 Q. During the course of your time in supply</p> <p>18 and logistics at Walgreens, did anybody ever -- let</p> <p>19 me ask you this first.</p> <p>20 Did you ever see any information or any</p> <p>21 charts similar to this relating to line limits or</p> <p>22 thresholds or ceilings for Walgreens stores as it</p> <p>23 relates to amounts of or quantities of controlled</p> <p>24 substances?</p>

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<p>1 A. No, I have not.</p> <p>2 Q. And I think you've already told me that</p> <p>3 you've never done anything with line limits or</p> <p>4 controlled substance thresholds or ceilings.</p> <p>5 But are you aware of anybody in the</p> <p>6 IT department, whether it's the supply and</p> <p>7 logistics chain or some other department within IT,</p> <p>8 are you aware of any person, manager, division,</p> <p>9 team, that has been asked to do anything as it</p> <p>10 relates to thresholds or ceilings or line limits</p> <p>11 for quantities of controlled substances being</p> <p>12 ordered by Walgreens stores?</p> <p>13 MR. LEVINE: Objection; lacks foundation.</p> <p>14 BY THE WITNESS:</p> <p>15 A. No, I do not know of anybody I can -- I</p> <p>16 mean, I just write the programs that are asked of</p> <p>17 me to write. So...</p> <p>18 BY MR. GADDY:</p> <p>19 Q. And nobody has ever asked you to write a</p> <p>20 program such as this giving ceiling limits or</p> <p>21 thresholds for controlled substance orders from</p> <p>22 Walgreens stores?</p> <p>23 A. Nope.</p> <p>24 Q. Do you have that -- this thick document</p>	<p>1 Q. Okay. And I just want to get the date</p> <p>2 before I moved on to the second document.</p> <p>3 Do you see it's September 13, 2012,</p> <p>4 right?</p> <p>5 A. Yes.</p> <p>6 Q. I'm going to show you what I'm going to</p> <p>7 mark as Peterson 19. This is P-WAG-2013.</p> <p>8 (WHEREUPON, a certain document was</p> <p>9 marked as Walgreens-Peterson</p> <p>10 Exhibit No. 19: 9/25/12 e-mail;</p> <p>11 WAGMDL00278104.)</p> <p>12 BY MR. GADDY:</p> <p>13 Q. And do you see that this is an e-mail</p> <p>14 from Denny Murray to several folks on which you</p> <p>15 were copied and that this was sent on September 25,</p> <p>16 2012?</p> <p>17 A. Yes.</p> <p>18 Q. So, this would be approximately two</p> <p>19 weeks after that Order to Show Cause that we just</p> <p>20 went back and looked at again, right?</p> <p>21 A. Yes.</p> <p>22 Q. And the subject is "PDQ letter"?</p> <p>23 A. Yes.</p> <p>24 Q. Do you know what PDQ means?</p>
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<p>1 still in front of you?</p> <p>2 A. Yes, it's here.</p> <p>3 Q. I'm sorry. Do you have the exhibit</p> <p>4 number of that one? I have forgotten what it was.</p> <p>5 I think it's 1 but...</p> <p>6 A. It says Peterson 1, yes.</p> <p>7 Q. Thank you. If you could look at</p> <p>8 Peterson 1 for me, please, and flip -- if you</p> <p>9 recall the -- it's going to be page 23 of 343 at</p> <p>10 the bottom right-hand corner.</p> <p>11 A. 23 of 343, yes.</p> <p>12 Q. Are you with me?</p> <p>13 What's the -- the date on this document</p> <p>14 is what?</p> <p>15 A. September 13, 2012.</p> <p>16 Q. And you see this is the -- in the title</p> <p>17 on the page, this is the Order to Show Cause?</p> <p>18 A. Yes. That's what it says, yes.</p> <p>19 MR. LEVINE: Objection; asked and answered.</p> <p>20 BY MR. GADDY:</p> <p>21 Q. And you recall that this is the document</p> <p>22 that we looked at that related to the investigation</p> <p>23 of the Jupiter distribution center, right?</p> <p>24 A. Yes.</p>	<p>1 A. Pretty darn quick.</p> <p>2 Q. Is that an acronym that's used within</p> <p>3 Walgreens relating to the format of an order from a</p> <p>4 pharmacy to the distribution center?</p> <p>5 A. It relates to a type of order that will</p> <p>6 be placed by the stores.</p> <p>7 Q. Maybe this is presumptuous of me. Is it</p> <p>8 some type of emergency type order or an expedited</p> <p>9 order?</p> <p>10 A. It's a -- it's considered an emergency</p> <p>11 order where to try and pick it and ship it within a</p> <p>12 day to the store.</p> <p>13 Q. Gotcha. It says here, "All, Mike Bleser</p> <p>14 asked me to craft a communication that will be sent</p> <p>15 to Suzanne, Dave and the other members of the</p> <p>16 Control Substance Integrity Task Force (if that is</p> <p>17 what it is called)."</p> <p>18 Let me ask you that first. Have you</p> <p>19 ever heard of the Control Substance Integrity Task</p> <p>20 Force?</p> <p>21 A. No, I have not.</p> <p>22 Q. Does that mean anything to you?</p> <p>23 A. No, it means nothing.</p> <p>24 Q. It says, "to tell them about Sue and</p>

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<p>1 Doug's new process. I wanted to run it past you 2 first to check for accuracy and input."</p> <p>3 Do you see that?</p> <p>4 A. Yes.</p> <p>5 Q. It says, "To all. Back in June, Rx 6 Purchasing and Supply Chain" -- is that where you 7 work?</p> <p>8 A. I'm in supply chain.</p> <p>9 Q. Okay.</p> <p>10 A. IT, yes.</p> <p>11 Q. It says, "Back in June, Rx Purchasing 12 and Supply Chain placed line limits on several 13 2/3" -- excuse me -- "C-II/C-III narcotic 14 analgesics."</p> <p>15 Do you see that?</p> <p>16 A. Yes.</p> <p>17 Q. Do you understand that to mean that line 18 limits were placed on Schedule II and III 19 controlled substances?</p> <p>20 A. I'm not really sure what it means.</p> <p>21 Q. Okay. Let me ask you for a minute. 22 When it says "in June, Purchasing and Supply Chain 23 placed line limits on several C-II and C-III 24 narcotic analgesics," do you know what is being</p>	<p>1 it was more -- if any of those particular items 2 were more than 100?</p> <p>3 A. Yes.</p> <p>4 Q. Did you have any involvement in 5 establishing the line limits on Schedule II and III 6 controlled substances?</p> <p>7 A. No, I have not.</p> <p>8 Q. Do you know who did?</p> <p>9 A. I don't remember.</p> <p>10 Q. Do you remember it happening?</p> <p>11 A. No, I don't remember that either.</p> <p>12 Q. How do you understand the line limits to 13 work? I think you told me that you understand that 14 to be something that the distribution centers use?</p> <p>15 A. It actually -- and I need to replace 16 something. As line limits are mainly for the 17 stores. They are not for -- the distribution 18 center doesn't have a line limit per se. They 19 just -- the line limits are at the store level.</p> <p>20 Q. Okay. Was it Steve Bamberg that you 21 told me earlier was kind of a manager over the 22 store side?</p> <p>23 A. Yes.</p> <p>24 Q. Do you know if Steve was involved in</p>
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<p>1 said there?</p> <p>2 A. Not really, no.</p> <p>3 Q. Do you know what line limits are?</p> <p>4 A. I know how we use them in our 5 distribution centers. It puts a limit to the order 6 quantity that can be done by -- that we will, from 7 a store.</p> <p>8 Q. Okay. Is that the same as or different 9 than the excessive order query?</p> <p>10 A. That would be different.</p> <p>11 Q. Okay. So, one issue -- one thing, and I 12 guess the best way to describe it is the program 13 that you helped code and helped implement was the 14 excessive order query, correct?</p> <p>15 A. Yes.</p> <p>16 Q. And that was where there would be a 17 single input -- a number inputted by the 18 distribution center and that if any product order 19 exceeded that number, it would flag or populate on 20 a report, correct?</p> <p>21 A. That is correct.</p> <p>22 Q. So, if the number was 100, if there was 23 more than 100 orders of paper towels or toilet 24 paper or OxyContin, it would flag on that report if</p>	<p>1 setting up the line limits?</p> <p>2 A. I don't know that.</p> <p>3 Q. So, explain for me, please, your 4 understanding of a line limit.</p> <p>5 A. It would put a limit on the order 6 quantity for an item.</p> <p>7 Q. Can you give me an example of how that 8 would work in realtime?</p> <p>9 A. If the line limit was 12, you couldn't 10 order more than 12 of that product.</p> <p>11 Q. Okay. Was that on a weekly basis, 12 monthly basis, annual basis?</p> <p>13 MR. LEVINE: Objection to form, foundation.</p> <p>14 BY THE WITNESS:</p> <p>15 A. I'm not really sure about that.</p> <p>16 BY MR. GADDY:</p> <p>17 Q. This sentence here indicates that line 18 limits were set on Schedule II and III controlled 19 substances. Are you aware of line limits being set 20 on all products or is it just set on controlled 21 substances?</p> <p>22 MR. LEVINE: Objection; lacks foundation.</p> <p>23 BY THE WITNESS:</p> <p>24 A. I'm not sure at all.</p>

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<p>1 BY MR. GADDY:</p> <p>2 Q. Is it your understanding that there is 3 still line limits in place on -- within the 4 Walgreens ordering system today?</p> <p>5 MR. LEVINE: Objection; foundation.</p> <p>6 BY THE WITNESS:</p> <p>7 A. I'm not sure about that. It's outside 8 of my area right now.</p> <p>9 BY MR. GADDY:</p> <p>10 Q. You don't know if there is still line 11 limits on -- you don't know if that's still a 12 concept that operates within Walgreens today?</p> <p>13 A. I'm not familiar with it, no.</p> <p>14 Q. In the -- in the area that you are 15 familiar with it, what types of products did you 16 see it applied to?</p> <p>17 A. I don't remember.</p> <p>18 Q. Okay. Let's start over.</p> <p>19 It says, "Back in June, Rx Purchasing 20 and Supply Chain placed line limits on several C-II 21 and C-III narcotic analgesics."</p> <p>22 Do you see that?</p> <p>23 A. Yes.</p> <p>24 Q. It says, "At that time, it was</p>	<p>1 that --</p> <p>2 A. Yes.</p> <p>3 MR. LEVINE: Objection; asked and answered.</p> <p>4 BY MR. GADDY:</p> <p>5 Q. It indicates here in this second 6 sentence that stores were able to order drugs cut 7 by the line limit through the PDQ process.</p> <p>8 Do you see that?</p> <p>9 A. I see that, yes.</p> <p>10 Q. Okay. So, even though stores, if their 11 order was 12, they got their 12 through the order 12 that was capped by the line limit, but this is 13 indicating they could then do a PDQ order, a pretty 14 darn quick order, that is what I think you termed 15 an emergency order, and continue to get more of the 16 product, correct?</p> <p>17 MR. LEVINE: Objection; lacks foundation.</p> <p>18 BY THE WITNESS:</p> <p>19 A. I'm not sure about that.</p> <p>20 BY MR. GADDY:</p> <p>21 Q. Is that what the document indicates?</p> <p>22 MR. LEVINE: Same objection.</p> <p>23 BY THE WITNESS:</p> <p>24 A. I'm not really sure what they mean by</p>
<p style="text-align: center;">Page 191</p> <p>1 identified that stores would be able to order drugs 2 cut by the line limit through PDQ."</p> <p>3 Do you see that?</p> <p>4 A. Yes.</p> <p>5 Q. What does that mean to you?</p> <p>6 MR. LEVINE: Objection; lacks foundation.</p> <p>7 BY THE WITNESS:</p> <p>8 A. I'm not sure what that means.</p> <p>9 BY MR. GADDY:</p> <p>10 Q. It says, "Supply Chain and Logistics has 11 identified a process in which they can turn off 12 specific items ordered through PDQ at the DC level, 13 essentially capping stores at the line limit 14 quantity."</p> <p>15 Do you see that?</p> <p>16 A. Yes.</p> <p>17 Q. So, I'm going to tell you what I've 18 understood you to say and you tell me if I got it 19 right or not.</p> <p>20 I understood you to tell me that line 21 limits are essentially caps on how much of a 22 product you could order. I think the example you 23 did -- you told me was that if the line limit was 24 12, you could only order 12 of a product. Is</p>	<p style="text-align: center;">Page 193</p> <p>1 that.</p> <p>2 BY MR. GADDY:</p> <p>3 Q. Okay. It says, "Identified that stores 4 would be able to order drugs cut by the line limit 5 through PDQ. Supply Chain and Logistics has 6 identified a process in which they can turn off 7 specific items ordered through PDQ at the DC level, 8 essentially capping stores at the line limit."</p> <p>9 Do you see that?</p> <p>10 A. Yes, I see that.</p> <p>11 Q. If you go back up to the first 12 paragraph, the second line, it says -- let's just 13 read it.</p> <p>14 It says, "Mike Bleser asked me to craft 15 a communication that will sent to Suzanne, Dave and 16 other members of the Control Substance Integrity 17 Task Force to tell them about Sue and Doug's new 18 process."</p> <p>19 Do you see that?</p> <p>20 A. Yes.</p> <p>21 Q. You're Doug, right?</p> <p>22 A. Yes.</p> <p>23 Q. But you don't remember any of this stuff 24 that I'm talking to you about in this lower</p>

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<p>1 paragraph?</p> <p>2 A. No, I do not remember it.</p> <p>3 Q. But this was a process that you were</p> <p>4 involved in and you helped implement and you helped</p> <p>5 design?</p> <p>6 MR. LEVINE: Objection to form.</p> <p>7 BY THE WITNESS:</p> <p>8 A. I'm not sure about that.</p> <p>9 BY MR. GADDY:</p> <p>10 Q. Okay. Going back down below, it says,</p> <p>11 "This enhancement will impact all stores in the</p> <p>12 chain. As part of the new process, the pharmacies</p> <p>13 would order the product on SIMS/PDQ and not receive</p> <p>14 an ISN notice until the next day. We understand</p> <p>15 that this may create a disruption in patient care."</p> <p>16 Do you see that?</p> <p>17 A. Yes, I do.</p> <p>18 Q. If you go down to the next sentence, it</p> <p>19 says, "Pharmacies will still be able to obtain</p> <p>20 quantities above the corporate line limits by</p> <p>21 asking their RXS to fill out a Control Substance</p> <p>22 Override Order form."</p> <p>23 Do you see that?</p> <p>24 A. Yes, I see it.</p>	<p>1 that.</p> <p>2 BY MR. GADDY:</p> <p>3 Q. Well, you see that what you were asked</p> <p>4 to do here was to turn off the PDQ process, which</p> <p>5 would cap the stores at their line limit.</p> <p>6 Do you see that?</p> <p>7 MR. LEVINE: Objection to form, lacks</p> <p>8 foundation.</p> <p>9 BY THE WITNESS:</p> <p>10 A. I see that, yes.</p> <p>11 BY MR. GADDY:</p> <p>12 Q. Okay. Well, and this e-mail is from the</p> <p>13 end of September, correct?</p> <p>14 A. Yes.</p> <p>15 Q. About two weeks after the DEA issued the</p> <p>16 Order to Show Cause to the Jupiter distribution</p> <p>17 center down in Florida, correct?</p> <p>18 A. Yes.</p> <p>19 Q. Several months after these line limits</p> <p>20 were put in place and yet stores were able to get</p> <p>21 around them with the PDQ process, correct?</p> <p>22 MR. LEVINE: Objection; lacks foundation.</p> <p>23 BY THE WITNESS:</p> <p>24 A. I can't answer that question.</p>
<p style="text-align: center;">Page 195</p> <p>1 Q. Okay. Do you know what that means?</p> <p>2 A. No, I do not.</p> <p>3 Q. Do you have an appreciation that this is</p> <p>4 a project that you worked on back in 2012?</p> <p>5 A. I don't remember working on it.</p> <p>6 Q. Do you see that Denny from the business</p> <p>7 side says this is "Sue and Doug's new process,"</p> <p>8 right?</p> <p>9 A. Yes, I do see that.</p> <p>10 Q. And you understand that a line limit was</p> <p>11 intended to cap the amount of product that a store</p> <p>12 could receive, correct?</p> <p>13 MR. LEVINE: Objection; asked and answered.</p> <p>14 BY THE WITNESS:</p> <p>15 A. Yes.</p> <p>16 BY MR. GADDY:</p> <p>17 Q. And you understand from this e-mail that</p> <p>18 there was a hole discovered in the system, that</p> <p>19 stores could order drugs that had been capped by</p> <p>20 the line limit through the PDQ process, correct?</p> <p>21 MR. LEVINE: Objection to form, lacks</p> <p>22 foundation.</p> <p>23 BY THE WITNESS:</p> <p>24 A. I'm not sure -- no, I'm not sure about</p>	<p style="text-align: center;">Page 197</p> <p>1 BY MR. GADDY:</p> <p>2 Q. It goes on to say in the second-to-last</p> <p>3 sentence of that paragraph, it says, "Unless there</p> <p>4 is specific objections, all oxycodone products will</p> <p>5 be turned off of PDQ by Friday, September 28."</p> <p>6 Do you see that?</p> <p>7 A. Yes.</p> <p>8 Q. Assuming that actually happened, you</p> <p>9 understand that until Friday, September 28, 2012,</p> <p>10 Walgreens stores were able to order oxycodone</p> <p>11 through the PDQ or the emergency order process?</p> <p>12 MR. LEVINE: Objection to form, foundation.</p> <p>13 BY THE WITNESS:</p> <p>14 A. I'm not sure if they could or not.</p> <p>15 BY MR. GADDY:</p> <p>16 Q. Does the document indicate that they</p> <p>17 could?</p> <p>18 MR. LEVINE: Objection to form, foundation.</p> <p>19 BY THE WITNESS:</p> <p>20 A. Again, I'm not really sure if they can</p> <p>21 or not or could or not.</p> <p>22 BY MR. GADDY:</p> <p>23 Q. Okay. The second sentence says, second</p> <p>24 sentence of that second paragraph says, "At that</p>

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1 time, it was identified that stores would be able 2 to order drugs cut by the line limit through PDQ." 3 Correct? 4 A. Yes, it does say that. 5 Q. Do you have any reason to disagree with 6 that? 7 MR. LEVINE: Objection; form, foundation. 8 BY THE WITNESS: 9 A. I'm not sure. 10 BY MR. GADDY: 11 Q. Mr. Peterson, I'm going to show you what 12 we are going to mark as Exhibit No. 20. 13 (WHEREUPON, a certain document was 14 marked as Walgreens-Peterson 15 Exhibit No. 20: 101/12 e-mail 16 string; WAGMDL00252575 - 00252576.)	1 September 28 of 2012 you were communicating to Deb 2 Bish, among others -- I think you indicated Deb was 3 the manager of the controlled substance section or 4 department, the distribution center in Perrysburg? 5 A. Yes. 6 Q. You are communicating to Deb and other 7 folks that you have now turned off the PDQ process 8 for oxycodone for the first time, December 28 -- 9 excuse me -- September 28, 2012, correct? 10 A. Yes. 11 Q. Prior to that date, oxycodone could be 12 ordered via emergency order, PDQ, right? 13 A. Yes. 14 Q. The e-mail goes on to say, "If the store 15 insists on getting this product, you will need to 16 use the current control drug override process." 17 Do you see that? 18 A. Yes. 19 Q. How did you know to write about the drug 20 override process? 21 A. I don't remember. 22 Q. As you sit here today, I understand you 23 to tell me that you don't know what that is? 24 A. I don't know what that control drug
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1 A. Yes. 2 Q. And you send this to several folks, it 3 looks like Jen Diebert, Deb Bish, Kristine Atwell. 4 Do you see that? 5 A. Yes. 6 Q. Who is Kristine Atwell? 7 A. I don't remember. 8 Q. Okay. And the subject of your e-mail 9 here is "Oxycodone no longer being ordered via 10 PDQ." 11 A. Yes. 12 Q. Do you recall doing this project back in 13 September of 2012? 14 A. No, I don't recall it. 15 Q. It says, "This is to inform you that 16 effective today the attached oxycodone items can no 17 longer be ordered via the PDQ process. We have 18 turned the PDQ order indicator for these items to 19 no. If the store orders the items, they will 20 receive an insufficient code of 01, 'item not 21 allowed PDQ.'" 22 Do you see that? 23 A. Yes, I do. 24 Q. Do you understand that here on	1 process is. Override process. 2 Q. But here in this e-mail back in 3 September 28 of 2012, you're telling Deb Bish and 4 other folks like her in distribution centers that 5 the stores, A, can no longer get oxycodone on 6 emergency orders, right? 7 A. Yes. 8 Q. And, B, you're saying that if they do 9 want to get oxycodone above their line limit, they 10 need to use the control drug override process, 11 correct? 12 A. It's stated in the e-mail, yes. 13 Q. So, even -- even though you're -- strike 14 that. 15 Up until September 28, 2012, stores 16 could order oxycodone through their normal channels 17 from the distribution center, correct? 18 A. Yes. 19 Q. Up until September 28, 2012, stores 20 could order over and above any capped amount 21 through the PDQ process, correct? 22 A. They could order through the PDQ 23 process, yes. 24 Q. And even after September 28, 2012,

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<p>1 stores could continue to order excess oxycodone if 2 they went through the control drug override 3 process, correct?</p> <p>4 A. I'm not sure about that.</p> <p>5 Q. Well, is that what you wrote?</p> <p>6 A. I don't remember that.</p> <p>7 Q. Is that what you wrote?</p> <p>8 A. Yes, it's written in this e-mail, yes.</p> <p>9 Q. Written by you?</p> <p>10 A. Yes.</p> <p>11 Q. And if you look at the attachment on the 12 next page, do you see the list of the oxycodone 13 products that it looks like you sent to Deb Bish 14 and the other folks in the distribution centers to 15 inform them of what products could no longer be 16 ordered on an emergency basis?</p> <p>17 A. I see the list, yes.</p> <p>18 Q. And it's all oxycodone products, 19 correct?</p> <p>20 A. Yes.</p> <p>21 MR. LEVINE: Are you getting to a good place 22 for a lunch break?</p> <p>23 MR. GADDY: Whenever is fine with me.</p> <p>24 MR. LEVINE: Okay. Let's do it.</p>	<p>1 A. Correct.</p> <p>2 Q. You understand I'm not accusing you of 3 anything or trying to throw you under the bus for 4 anything that you may or may not done back in -- 5 related to your work at Walgreens?</p> <p>6 A. I understand that, yes.</p> <p>7 Q. I'm going to show you what I've marked 8 as Peterson 21. It's going to be P-WAG-2112.</p> <p>9 (WHEREUPON, a certain document was 10 marked as Walgreens-Peterson 11 Exhibit No. 21: 10/1/12 e-mail 12 string; WAGMDL00705318 - 00705320.)</p> <p>13 BY MR. GADDY:</p> <p>14 Q. And if you go to the -- if you turn the 15 page, go to the bottom of the second page of this 16 document, you'll see an e-mail from you, correct?</p> <p>17 A. Yes.</p> <p>18 Q. And we're going to flip to it in a 19 moment, but I think it's going to be the same 20 e-mail that we saw just a minute ago, but we're 21 going to see after it some traffic from some other 22 folks within Walgreens.</p> <p>23 Does that make sense?</p> <p>24 A. Yes.</p>
<p style="text-align: center;">Page 203</p> <p>1 MR. GADDY: All right.</p> <p>2 THE VIDEOGRAPHER: We're going off the record 3 at 12:52.</p> <p>4 (WHEREUPON, a recess was had 5 from 12:52 to 1:31 p.m.)</p> <p>6 THE VIDEOGRAPHER: We're back on the record at 7 1:31.</p> <p>8 BY MR. GADDY:</p> <p>9 Q. Good afternoon, Mr. Peterson.</p> <p>10 A. Good afternoon.</p> <p>11 Q. I think we're past the halfway point, if 12 that gives you any comfort.</p> <p>13 A. Okay.</p> <p>14 Q. I'm going to keep asking you some 15 questions right now about the -- some of the work 16 you did on the PDQ process as it relates to 17 oxycodone. Okay? Do you remember that's what we 18 were talking about before lunch?</p> <p>19 A. Yes.</p> <p>20 Q. And you understand, don't you, that my 21 goal here is just to try to kind of find out 22 historically some of the projects and some of the 23 different implementations that you've been involved 24 in? Correct?</p>	<p style="text-align: center;">Page 205</p> <p>1 Q. Okay. And if we look at this e-mail, 2 this is the Friday, September 28 e-mail from you to 3 Deb Bish, Jen Diebert, Kristine Atwell and some 4 other folks within several of the distribution 5 centers that deal with controlled substances at 6 Walgreens?</p> <p>7 A. Yes.</p> <p>8 Q. And, again, this is that same e-mail 9 where the subject line is "Oxycodone no longer 10 being ordered via PDQ," correct?</p> <p>11 A. Yes.</p> <p>12 Q. And the PDQ is what you had told us was 13 kind of an emergency order, an order that was 14 supposed to be filled within a day?</p> <p>15 A. Yes.</p> <p>16 Q. And if we go to the next page and see 17 the e-mail, it says, "This is to inform you that 18 effective today the attached oxycodone items can no 19 longer be ordered via the PDQ process."</p> <p>20 Correct?</p> <p>21 MR. LEVINE: Objection; asked and answered.</p> <p>22 BY THE WITNESS:</p> <p>23 A. Yes. That's what it says.</p> <p>24 BY MR. GADDY:</p>

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<p>1 Q. And you recognize this to be the same 2 original e-mail that we looked at right before 3 lunch?</p> <p>4 A. Yes, it is.</p> <p>5 Q. Okay. Let's flip backwards, if you 6 don't mind, and do you see where Deb Bish in the 7 next e-mail up forwards this to it looks like a 8 list serve for all the pharmacy supervisors?</p> <p>9 A. That's what it looks like, yes.</p> <p>10 Q. Okay. And then if you go up one more 11 e-mail, it looks like an individual named Kermit 12 Crawford jumps into the chain and sends this e-mail 13 to some other folks.</p> <p>14 Do you see that?</p> <p>15 A. Yes.</p> <p>16 Q. Do you know who Kermit Crawford is?</p> <p>17 A. I heard the name a while back, but I 18 don't know who he is, no.</p> <p>19 Q. Okay. Do you see the signature block 20 for his e-mail there?</p> <p>21 A. Yes.</p> <p>22 Q. What does it indicate that his position 23 is within Walgreens?</p> <p>24 A. President, pharmacy, health and</p>	<p>1 e-mail above, and you got to turn to the first 2 page and look at the bottom to see -- to see who 3 actually sent it. Do you see that?</p> <p>4 A. Yes, I do.</p> <p>5 Q. And it looks like the follow-up e-mail 6 is from David Lovejoy who was one of the people 7 that Mr. Crawford sent his e-mail to, right?</p> <p>8 A. Yes.</p> <p>9 Q. And it looks like he responds to 10 Mr. Crawford, also Ms. Hansen and he copies Rex 11 Swords on his response, correct?</p> <p>12 A. Yes.</p> <p>13 Q. And Mr. Lovejoy writes, "Kermit, the 14 group did discuss system limitations versus store 15 needs for patients. If I recall correctly, the 16 line limits apply to each order individually, not 17 as a whole or in cumulative."</p> <p>18 Do you see that?</p> <p>19 A. Yes, I see that.</p> <p>20 Q. And is that your understanding of the 21 line limits, that they apply to each order 22 individually?</p> <p>23 MR. LEVINE: Objection; lacks foundation.</p> <p>24 BY THE WITNESS:</p>
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<p>1 wellness.</p> <p>2 Q. And what he writes to two individuals, 3 it looks like it's Suzanne Hansen and David 4 Lovejoy. Do you know who either of those 5 individuals are?</p> <p>6 A. No, I do not.</p> <p>7 Q. Well, he writes to them and he says, "We 8 discussed this and I was not under the impression 9 this was a done deal. Concerned we are 'all or 10 none.' We have to do what's right for patients 11 also."</p> <p>12 Do you see that?</p> <p>13 A. Yes, I see it.</p> <p>14 Q. From this e-mail chain do you understand 15 Mr. Crawford to be questioning the process that you 16 were asked to implement and that you did in fact 17 implement of eliminating the PDQ option for 18 oxycodone?</p> <p>19 MR. LEVINE: Objection; lacks foundation.</p> <p>20 BY THE WITNESS:</p> <p>21 A. I can't tell that from this particular 22 e-mail, no.</p> <p>23 BY MR. GADDY:</p> <p>24 Q. Okay. Well, let's look to the next</p>	<p>1 A. I'm not sure what they mean by that.</p> <p>2 BY MR. GADDY:</p> <p>3 Q. It says, "Therefore, a store could hit 4 the line limit on their weekly C-II WHS order and 5 then" -- do you know what WHS means?</p> <p>6 A. Warehouse order.</p> <p>7 Q. Okay. It says, "Therefore, a store 8 could hit the line limit on their weekly C-II 9 warehouse order and then they could create a PDQ 10 order on a daily basis and far exceed the monthly 11 line limit total that we were trying to enforce."</p> <p>12 Do you see that?</p> <p>13 A. I see that.</p> <p>14 Q. What does that sentence mean to you?</p> <p>15 MR. LEVINE: Objection; lacks foundation.</p> <p>16 BY THE WITNESS:</p> <p>17 A. I'm not sure what they're talking about 18 right now.</p> <p>19 BY MR. GADDY:</p> <p>20 Q. Okay. Well, we've talked about a little 21 bit about the concept of line limit, right?</p> <p>22 A. Yes.</p> <p>23 Q. And I think the example that you gave to 24 me was that if a line limit was 12, that all that a</p>

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<p>1 store could order for whatever that time period 2 was, whether it was a week or a month, all that 3 that store could order was 12, correct? 4 MR. LEVINE: Objection to form. 5 BY THE WITNESS: 6 A. Yeah. 7 BY MR. GADDY: 8 Q. Okay. And, so, what Mr. Lovejoy is 9 saying here is that a store could hit the line 10 limit on their weekly C-II warehouse order and then 11 they could create a PDQ, that's the emergency 12 orders, the one-day fill orders, right? 13 MR. LEVINE: Object. Just asking what that 14 is, what a PDQ is? 15 MR. GADDY: Yes. 16 BY THE WITNESS: 17 A. He is asking what a PDQ is? 18 BY MR. GADDY: 19 Q. Let me start over. 20 A. Okay. I'm sorry. 21 Q. Yeah, no problem. What Mr. Lovejoy says 22 here, he says, "A store could hit the line limit on 23 their weekly C-II warehouse order." 24 Do you see that?</p>	<p>1 BY THE WITNESS: 2 A. I'm not sure what he really means by 3 that, no. 4 BY MR. GADDY: 5 Q. Well, regardless of what you can 6 determine Mr. Lovejoy means, you understand that 7 the project that you were asked to help with and 8 the solution that you were asked to implement was 9 to prevent oxycodone from being able to be ordered 10 on a PDQ basis, right? 11 A. Yes. 12 Q. And it would be typical or standard for 13 you to be asked to create or implement solutions to 14 address a problem that Walgreens business is 15 looking to correct. Is that fair? 16 MR. LEVINE: Objection; asked and answered. 17 BY THE WITNESS: 18 A. We would take information from a 19 business partner and write code and programs to 20 solve that, that request. 21 BY MR. GADDY: 22 Q. Sure. So, they have a problem. They 23 have something that they want addressed. They ask 24 you to write the code that makes the solution,</p>
<p>1 A. Yes, I see that. 2 Q. In the example that you gave earlier, 3 that would mean that if a line limit for OxyContin 4 was 12, that a store has hit their line limit, they 5 have ordered their 12 bottles of OxyContin, right? 6 MR. LEVINE: Objection to form, misstates 7 testimony. 8 BY THE WITNESS: 9 A. Yes. 10 BY MR. GADDY: 11 Q. And it says, "They could then create a 12 PDQ order on a daily basis and far exceed the 13 monthly line limit that we were trying to enforce." 14 Do you see that? 15 A. I see that. 16 Q. Okay. So, what Mr. Lovejoy is 17 indicating is that a store could hit their line 18 limit, the 12 bottles of OxyContin in your example, 19 and then after hitting that limit, they could then 20 go in and create these PDQ or emergency orders and, 21 according to Mr. Lovejoy, far exceed the monthly 22 line total that Walgreens was trying to enforce. 23 Do you see that? 24 MR. LEVINE: Objection; lacks foundation.</p>	<p>1 correct? 2 A. Yes. 3 Q. And in this case the solution that they 4 needed was to prevent the stores from being able to 5 order oxycodone on a PDQ or emergency basis, right? 6 A. That is what they asked for, yes. 7 Q. If you go to the next e-mail up in the 8 chain, it looks like Rex Swords chimes in, correct? 9 A. Yes. 10 Q. And this is on the first page of the 11 document? 12 A. Yes. 13 Q. And Rex says, "Correct. PDQ orders did 14 not aggregate to the monthly cumulative limits, 15 although line limits are still imposed on the 16 individual order. Therefore, without this edit, 17 stores could order PDQ every day for Oxy and as 18 long as they didn't trip the line order limit edit, 19 they would receive the product and end up exceeding 20 our monthly cumulative order limits." 21 Do you see that? 22 A. Yes, I see it. 23 Q. And as a result of that issue or hole or 24 glitch in the system, you were asked to implement</p>

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<p>1 the solution of preventing stores from being 2 ordering oxycodone on a PDQ or emergency basis, 3 correct?</p> <p>4 MR. LEVINE: Objection to form, foundation.</p> <p>5 BY THE WITNESS:</p> <p>6 A. That was our request, yes.</p> <p>7 BY MR. GADDY:</p> <p>8 Q. It goes on in the next sentence to say, 9 "As Dave mentions, store still have access to 10 product if needed outside their normal ordering 11 process using the Controlled Substance Override 12 form on Storenet."</p> <p>13 Do you see that?</p> <p>14 A. Yes, I see that.</p> <p>15 Q. Do you recognize the term "Storenet"?</p> <p>16 A. I know what Storenet is, yes.</p> <p>17 Q. Okay. What's Storenet?</p> <p>18 A. It's the store Internet.</p> <p>19 Q. Is that like a -- is that like the 20 intranet?</p> <p>21 A. Intranet I guess is the correct.</p> <p>22 Q. With an A?</p> <p>23 A. Yes.</p> <p>24 Q. Intra. Okay. And so that's a, you</p>	<p>1 so the format is different than the others. 2 But if you see at about two-thirds of 3 the way down the page, what we see is the first 4 e-mail, which is ultimately going to be the 5 substance of it, is going to be on the second page; 6 but this is an e-mail from Kristine Atwell, and 7 over on the right-hand side you see that the e-mail 8 is going to Barb Martin. 9 Do you see that?</p> <p>10 A. Yes.</p> <p>11 Q. Okay. And the date of this e-mail is 12 April 14, 2011.</p> <p>13 Do you see that?</p> <p>14 A. Yes.</p> <p>15 Q. And if you flip the page, the subject is 16 a particular store number that's 6997?</p> <p>17 A. Yes.</p> <p>18 Q. And in the body of the e-mail it says, 19 "Store 6997 is manipulating the AS400 ordering 20 system to gain more bottles of WIC 682971 and 21 682972."</p> <p>22 Do you see that?</p> <p>23 A. Yes.</p> <p>24 Q. And do you recognize those numbers to</p>
<p>Page 215</p> <p>1 know, essentially a private Internet system or a 2 private intranet network that only Walgreens stores 3 are able to connect to?</p> <p>4 A. Yes.</p> <p>5 Q. And, so, this indicates that what 6 Mr. Swords has indicated here is even though you've 7 deployed your solution of preventing stores from 8 ordering oxycodone on a PDQ basis, that stores 9 still have access to product if they need it using 10 the Controlled Substance Override form, correct?</p> <p>11 A. That's what's indicated in the e-mail.</p> <p>12 Q. I'm going to show you what I'm going to 13 mark as Peterson 22, which is another e-mail -- 14 e-mail chain that describes some issues that some 15 folks were having with the PDQ system and ask you 16 if you're familiar with these issues. Okay?</p> <p>17 A. Yes.</p> <p>18 (WHEREUPON, a certain document was 19 marked as Walgreens-Peterson 20 Exhibit No. 22: 4/14/11 e-mail 21 string; WAGFLDEA00001032 - 22 00001033.)</p> <p>23 BY MR. GADDY:</p> <p>24 Q. And this one prints a little bit weird,</p>	<p>Page 217</p> <p>1 be -- relate to oxycodone products?</p> <p>2 A. No, I do not.</p> <p>3 Q. Okay. What is the AS400 ordering 4 system?</p> <p>5 A. That's a store ordering system.</p> <p>6 Q. Okay. Is that what the pharmacies 7 utilize to order product?</p> <p>8 A. They utilize that, yes.</p> <p>9 Q. It says, "The store is manipulating the 10 system to gain more bottles. They have told us 11 they create a 'PDQ' but before it processes they go 12 back in and adjust the quantity from 9 to a greater 13 amount. If you look at the history you will see 14 the system manipulation. How does the system allow 15 this to happen when a PDQ should only be for 9 or 16 less?"</p> <p>17 Do you see that?</p> <p>18 A. I see that, yes.</p> <p>19 Q. During your time in the supply and 20 logistics IT department, did anybody ever bring to 21 you this particular issue -- excuse me -- bring to 22 your attention this particular issue?</p> <p>23 A. No, I do not remember that.</p> <p>24 Q. Do you have any memory of ever being</p>

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<p>1 made aware of the fact that there were stores that 2 were manipulating the PDQ process to order more 3 than they were supposed to be able to get with that 4 process?</p> <p>5 A. No.</p> <p>6 Q. Are you aware of you or anybody else 7 within your department or any IT department within 8 Walgreens who was asked to address an issue such as 9 this where individual stores, individual Walgreens 10 stores, were able to manipulate the PDQ order 11 screen to order more bottles on an emergency basis 12 than they were supposed to?</p> <p>13 MR. LEVINE: Objection to form and lacks 14 foundation beyond him.</p> <p>15 BY THE WITNESS:</p> <p>16 A. I do not remember, no.</p> <p>17 BY MR. GADDY:</p> <p>18 Q. I will show you what we will mark as 19 Peterson 23.</p> <p>20 (WHEREUPON, a certain document was 21 marked Walgreens-Peterson Exhibit 22 No. 23: 10/5/12 e-mail string; 23 WAGMDL00127695.)</p> <p>24 BY MR. GADDY:</p>	<p>1 Q. Is this a typical e-mail that you would 2 get from different stores?</p> <p>3 A. No, it is not.</p> <p>4 Q. Okay. It's signed "Mark." Do you know 5 who that is?</p> <p>6 A. No, I do not.</p> <p>7 Q. Do you know why this individual would 8 have been contacting you?</p> <p>9 A. No, I'm not sure why they would.</p> <p>10 Q. Okay. Do you remember if you ever got 11 any other e-mails similar to this asking about 12 either the override process or the PDQ process or 13 the line limit process from individual stores?</p> <p>14 A. I don't remember, no.</p> <p>15 Q. It looks like in the next e-mail up you 16 say you're not -- you forward -- I guess what you 17 do is you forward the e-mail to John Merritello, 18 right?</p> <p>19 A. Yes.</p> <p>20 Q. And you tell John, you say, "I'm not 21 sure of the override process and was wondering if 22 you could help this store or know who can."</p> <p>23 And John writes back to you saying that 24 the store should contact a particular e-mail</p>
<p style="text-align: center;">Page 219</p> <p>1 Q. We've seen a couple documents that talk 2 about the override request system. Do you recall 3 that phrase or that term generally?</p> <p>4 MR. LEVINE: Objection to form.</p> <p>5 BY THE WITNESS:</p> <p>6 A. Not really, no.</p> <p>7 BY MR. GADDY:</p> <p>8 Q. Okay. Showing you what's marked as 9 Peterson 23. It's going to be P-WAG-2010.</p> <p>10 And if you look at the bottom of the 11 page, it looks like this was an e-mail received by 12 you and it looks like the e-mail address that it 13 was received from is DR-Rx 14340?</p> <p>14 A. Yes.</p> <p>15 Q. Does that mean anything to you?</p> <p>16 A. It would be a store number.</p> <p>17 Q. Okay.</p> <p>18 A. Rx department.</p> <p>19 Q. And you get an e-mail that says, "Hi 20 Doug, please how does the current control drug 21 override process work? How do we order for 22 oxycodone?"</p> <p>23 Do you see that?</p> <p>24 A. Yes.</p>	<p style="text-align: center;">Page 221</p> <p>1 address, RxInventory@Walgreens.com, correct?</p> <p>2 A. That's what it says, yes.</p> <p>3 Q. Do you know what that e-mail address, 4 who that goes to?</p> <p>5 A. No, I do not.</p> <p>6 Q. Ever in your time at Walgreens were you 7 ever asked to do any work whatsoever on the 8 override request forms as it related to controlled 9 substances?</p> <p>10 A. No.</p> <p>11 Q. I'm going to show you a example of one 12 that we have and just make sure it doesn't refresh 13 your memory or ring any bells.</p> <p>14 I'm going to mark this as Peterson 24.</p> <p>15 It's going to be P-WAG-2120.</p> <p>16 (WHEREUPON, a certain document was 17 marked Walgreens-Peterson Exhibit 18 No. 24: 8/15/12 e-mail string; 19 WAGMDL0000107473 - 00107474.)</p> <p>20 BY MR. GADDY:</p> <p>21 Q. And if you look at this, start about 22 halfway down the first page, and you will see the 23 first e-mail in the chain. Looks like it's from an 24 individual Satinder Sandhu. Do you see that?</p>

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<p>1 A. Yes.</p> <p>2 Q. It looks like it goes to that</p> <p>3 Rx inventory e-mail address that we just saw John</p> <p>4 Merritello give you?</p> <p>5 A. Yes.</p> <p>6 Q. The subject is "Controlled Substance</p> <p>7 Order Quantity Override Form."</p> <p>8 Do you see that?</p> <p>9 A. Yes.</p> <p>10 Q. Prior to looking at this right now, did</p> <p>11 you know that such a form existed?</p> <p>12 A. No, I did not.</p> <p>13 Q. Okay. And it looks like some of the</p> <p>14 information that's given there is the store number,</p> <p>15 the district number. What would the DM and the</p> <p>16 DLP -- do you know what those acronyms stand for?</p> <p>17 A. No, I'm not sure.</p> <p>18 Q. And as you go a little bit farther down,</p> <p>19 you see it lists the pharmacy manager and it also</p> <p>20 lists the pharmacy supervisor.</p> <p>21 Do you see that?</p> <p>22 A. Yes, I do.</p> <p>23 Q. And then as you go down and turn the</p> <p>24 page, it looks like they list the drug that they</p>	<p>1 A. No.</p> <p>2 Q. Are you aware of anybody else within the</p> <p>3 IT department being asked to do a task like this?</p> <p>4 A. It would be a store team, so probably</p> <p>5 Steve Bamberg.</p> <p>6 Q. Do you specifically remember Steve</p> <p>7 talking about this project or are you just saying</p> <p>8 because it's a store function it would have fallen</p> <p>9 under his purview?</p> <p>10 A. Because it's a store function, it would</p> <p>11 fall under his.</p> <p>12 Q. Okay. And what's indicated here in that</p> <p>13 last -- to that last question by the pharmacy</p> <p>14 supervisor is, "The store's current on hand count</p> <p>15 is 1907. Last 13 week average receipt is about 12</p> <p>16 to 13 bottles per week and the sale is about 17 to</p> <p>17 18 bottles per week. There is only net positive</p> <p>18 adjustment of 536 tablets. The store serves high</p> <p>19 workers' comp patients and serves several pain</p> <p>20 management clinics. All prescriptions are being</p> <p>21 dispensed by following GFD policy."</p> <p>22 Do you see that?</p> <p>23 A. Yes.</p> <p>24 Q. Do you know what GFD means?</p>
<p style="text-align: center;">Page 223</p> <p>1 are asking for, the size of the package and the</p> <p>2 number of bottles that they're asking for.</p> <p>3 Do you see that?</p> <p>4 A. Yes, I see that.</p> <p>5 Q. And this particular one, they're asking</p> <p>6 for ten bottles of hydrocodone?</p> <p>7 A. That's what it says on the document,</p> <p>8 yes.</p> <p>9 Q. Okay. And then it looks like it asked</p> <p>10 for a reason for the -- for the override request.</p> <p>11 Do you see that?</p> <p>12 A. Yes.</p> <p>13 Q. And it looks like here the pharmacy</p> <p>14 supervisor indicated "Other." And then it looks</p> <p>15 like the next query is "Provide a detailed</p> <p>16 explanation of this request including the Rx sales</p> <p>17 history, 13 week item movement, current on hand</p> <p>18 count, inventory adjustments, et cetera."</p> <p>19 Do you see that?</p> <p>20 A. Yes.</p> <p>21 Q. Do you recall being asked at all to</p> <p>22 generate a program that would allow pharmacy</p> <p>23 supervisors to fill out such a form either on the</p> <p>24 intranet or in hard copy format?</p>	<p style="text-align: center;">Page 225</p> <p>1 A. No, I do not.</p> <p>2 Q. Okay. Do you know whether or not there</p> <p>3 was any information considered in deciding whether</p> <p>4 to approve or deny this override request other than</p> <p>5 what's written right here or do you not know at</p> <p>6 all?</p> <p>7 A. I don't know anything about this --</p> <p>8 Q. Okay.</p> <p>9 A. -- override request.</p> <p>10 Q. Okay. If we go back to the first page,</p> <p>11 regardless, we see the e-mail from Steven Mills at</p> <p>12 the top of the page that the order is approved,</p> <p>13 correct?</p> <p>14 A. Yes.</p> <p>15 Q. And I had a couple more of those,</p> <p>16 Mr. Peterson, but since you don't know about them,</p> <p>17 I'll just skip those.</p> <p>18 I think you told me this morning that</p> <p>19 you have an understanding that currently the jobber</p> <p>20 that handles at least the bulk of Walgreens</p> <p>21 controlled substance distribution is</p> <p>22 AmerisourceBergen, correct?</p> <p>23 A. Yes.</p> <p>24 Q. And what we know about kind of the</p>

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<p>1 timeline of Walgreens distributing or -- strike 2 that. 3 What we know from what we've looked at 4 this morning up until now about the timeline of 5 Walgreens stores being supplied controlled 6 substances is beginning in approximately the early 7 2000s, Walgreens began distributing to their own 8 stores, correct? 9 A. That is correct. 10 Q. And that was a process that you helped 11 bring online? 12 A. Yes. 13 Q. We know that in, at least in the 2012 14 range and probably earlier than that, that 15 Walgreens would sometimes utilize jobbers or 16 outside vendors, including Cardinal Health, to help 17 them fill some of their controlled substance 18 orders, correct? 19 A. Yes, they would. 20 Q. Okay. And we've looked at some 21 documents today that indicated that Walgreens' 22 Jupiter, Florida distribution facility was shut 23 down by the DEA in late 2012 and that the Walgreens 24 Perrysburg distribution center was beginning to be</p>	<p>1 Peterson 25. This is P-WAG-2063. 2 (WHEREUPON, a certain document was 3 marked Walgreens-Peterson Exhibit 4 No. 25: 4/3/13 e-mail string with 5 attachment; WAGMDL0000525116 - 6 00525119.) 7 BY MR. GADDY: 8 Q. And if you look at the top of this page, 9 you see this is an e-mail from Vinayak on April 3, 10 2013 that he sends to both Brian Amend and you? 11 A. Yes. 12 Q. And the subject is the "C-II transition 13 plan document." 14 Do you see that? 15 A. Yes. 16 Q. And there's also an attachment to that 17 document. Let's turn the page and look at that 18 attachment. 19 Do you recall getting this e-mail and 20 attachment? 21 A. I don't recall it, no. 22 Q. Okay. The title of the attachment is 23 "C-II Walgreens AmerisourceBergen Transition Plan." 24 Do you see that?</p>
<p>1 investigated in early 2013, correct? 2 A. Yes, we reviewed that this morning. 3 Q. Okay. And at the time we looked at some 4 documents where the bulk of the distribution 5 responsibilities were being shifted from those 6 Walgreens facilities, Jupiter and Perrysburg, over 7 to Cardinal Health and they were taking on a lot of 8 that distribution, correct? 9 MR. LEVINE: Objection; lacks foundation. 10 BY THE WITNESS: 11 A. I don't remember that but... 12 BY MR. GADDY: 13 Q. Well, you remember that Cardinal Health 14 was going to distribute to a lot of the stores but 15 there were several stores, I think from Perrysburg 16 there were about 367, that they red-flagged and 17 said they wouldn't distribute to them? 18 A. I remember that from this morning, yes. 19 Q. Okay. And you have an understanding 20 that currently Walgreens is supplied their 21 controlled substances by AmerisourceBergen 22 primarily? 23 A. Yes. 24 Q. I'm going to show you what I'll mark as</p>	<p>1 A. Yes, I do. 2 Q. Do you recall how you first found out 3 that Walgreens was going to transition from 4 primarily utilizing Cardinal Health to primarily 5 utilizing AmerisourceBergen? 6 A. No, I don't remember when I heard that. 7 Q. Regardless, you see that this -- you 8 were sent this e-mail back in April of 2013 9 announcing or at least giving you the timeline for 10 the -- for the transition plan? 11 A. Yes. 12 Q. And what this indicates is that in 13 April of 2013 the Jupiter C-II was going to move to 14 AmeriSource from its current suppliers, correct? 15 A. Yes, that's what it says, yes. 16 Q. In May of '13 Perrysburg is going to 17 move to AmeriSource from its current suppliers, 18 correct? 19 A. Yes, that's what it says. 20 Q. And then in September, Woodland, which 21 is the third and final Walgreens distribution 22 center, is going to move from -- from its current 23 folks to AmerisourceBergen, correct? 24 A. Yes.</p>

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1 Q. Is this consistent with your memory 2 about approximately when Walgreens not only moved 3 to AmerisourceBergen as their primary supplier but 4 kind of continues and starts the process of phasing 5 out Walgreens' actions as a distributor of these 6 controlled substances? 7 A. Yes, it's about the same time frame. 8 Q. And as we sit here in 2018, it's your 9 understanding that AmerisourceBergen continues to 10 be the primary distributor of controlled substances 11 for Walgreens? 12 A. Yes. 13 Q. Let me show you what I'm going to mark 14 as Peterson 26. This is P-WAG-2032. 15 (WHEREUPON, a certain document was 16 marked as Walgreens-Peterson 17 Exhibit No. 26: 4/4/13 e-mail 18 string; WAGMDL00358567 -00358570.) 19 BY MR. GADDY: 20 Q. And if you flip to the, it looks like 21 it's the second page and about halfway down the 22 page or, excuse me, about three-fourths of the way 23 down the page, there is an e-mail from it looks 24 like a John Trippe or John Trippe.	1 4 hospice locations. The fourth hospice location 2 is still serviced out of Woodland and we haven't 3 loaded those stores yet. Denny is aware and plans 4 to send me the store information." 5 Do you see that? 6 A. Yes, I do. 7 Q. It looks like in the next e-mail up, Sue 8 then forwards that e-mail to Deb Bish who was the 9 C-II manager at the Perrysburg distribution center, 10 correct? 11 Just above it. In the middle. 12 A. Oh, sorry. Yes. 13 Q. Yeah, sorry. 14 A. Yes, I see it now. 15 Q. So, Sue forwards that to Deb Bish, 16 right? 17 A. Yes. 18 Q. And she was in charge of the C-II 19 distribution function at Perrysburg, right? 20 A. That's my memory, yes. 21 Q. It also goes to Steve Kneller? 22 A. Yes. 23 Q. Do you know who Steve Kneller is? I 24 don't think we've talked about him yet.
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1 Do you see that? 2 A. Yes. Sorry. Yes. 3 Q. And it looks like he has an 4 AmerisourceBergen e-mail address, correct? 5 A. Yes, it does. 6 Q. And it looks like he's sending this to 7 Sue Thoss. Do you see that? 8 A. Yes. 9 Q. And you know who Sue is? 10 A. Yes, I do. 11 Q. And I think Sue is the one that we saw 12 earlier this morning that forwarded you an e-mail 13 telling you that the DEA had come into the 14 Perrysburg distribution center with subpoenas, 15 right? 16 A. Yes, I remember that from this morning. 17 Q. And the subject line of this e-mail is 18 "C-II customer list WAG Perrysburg start 4.9.13." 19 Do you see that? 20 A. Yes. 21 Q. And John says, "Sue, the attached 22 list" -- I think what he is trying to say is "The 23 attached list of stores assigned to the April 9th 24 Go-live date. It's the original 225 plus 3 of the	1 A. He was the distribution manager at the 2 time for Perrysburg. 3 Q. Okay. It also goes to you, correct? 4 A. Yes. 5 Q. And it goes to Vinayak? 6 A. Yes. 7 Q. I don't know that you have told me what 8 Vinayak does yet. What was his role? 9 A. At this time he was my director. 10 Q. Okay. So, he had Brian Amend's 11 position? 12 A. That Brian has now today, yes. 13 Q. Gotcha. Okay. So, at this time was he 14 above Brian? 15 A. Yes. 16 Q. So, it would have been Vinayak, Brian 17 and then you, is that right? 18 A. At this time Brian and I were at the 19 same level. 20 Q. Gotcha. Thank you. 21 So, anyway, back to what we were talking 22 about in this e-mail here. 23 Sue forwards this e-mail to you that has 24 the list of customers that AmerisourceBergen is

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<p>1 planning on, it looks like, going live with on</p> <p>2 April 9, correct?</p> <p>3 A. Yes.</p> <p>4 Q. And a little bit higher up on the</p> <p>5 page you respond, correct?</p> <p>6 A. Yes, I did.</p> <p>7 Q. And you say, "We still have the item</p> <p>8 restrictions, based on John Merritello's list, in</p> <p>9 place at the C-II distribution center for these</p> <p>10 stores. Do we need to remove that restriction?"</p> <p>11 Do you see that?</p> <p>12 A. Yes.</p> <p>13 Q. Do you know what we're talking about</p> <p>14 there or what you're talking about there I should</p> <p>15 say?</p> <p>16 A. Yes, I do know.</p> <p>17 Q. Okay. Explain it to me, please.</p> <p>18 A. We -- we had restrictions on certain</p> <p>19 stores. Those stores were still in our system and</p> <p>20 if we didn't do anything with it, we would not be</p> <p>21 sending orders to them. So...</p> <p>22 Q. Okay. So --</p> <p>23 A. So, the question was do we want to</p> <p>24 remove it or not.</p>	<p>1 Q. Okay.</p> <p>2 A. It was another jobber.</p> <p>3 Q. Okay. So Denny says, yes, "Once the</p> <p>4 stores are transitioned to either ABA or ANDA, then</p> <p>5 yes," meaning that he would want you to remove the</p> <p>6 restriction, correct?</p> <p>7 A. Yes.</p> <p>8 Q. It says, "The," III to Vs, "C35s will</p> <p>9 still need to be blocked from going to Cardinal,</p> <p>10 either on a warehouse order or from a PFL/OOS, but</p> <p>11 that file is different from yours."</p> <p>12 Do you see that?</p> <p>13 A. Yes, I do.</p> <p>14 Q. So, all that you were in charge of was</p> <p>15 the C-IIs?</p> <p>16 A. Yes.</p> <p>17 Q. If you go back up to your response in</p> <p>18 the next e-mail up in the chain, you say, "Thanks,</p> <p>19 since the restricted stores are all moved to</p> <p>20 AmerisourceBergen starting Tuesday, April 9, 2013,</p> <p>21 we will remove the stores from the C-II restricted</p> <p>22 item file."</p> <p>23 Correct?</p> <p>24 A. Yes.</p>
<p style="text-align: center;">Page 235</p> <p>1 Q. Okay. So, you had put restrictions on</p> <p>2 these stores. And does that go back to the -- to</p> <p>3 the stores that Cardinal Health had red-flagged</p> <p>4 that you had put the restrictions on so that those</p> <p>5 orders wouldn't go to Cardinal Health?</p> <p>6 A. Those are the only ones I'm aware of,</p> <p>7 yes.</p> <p>8 Q. So, that would be what you're talking</p> <p>9 about here?</p> <p>10 A. Yes.</p> <p>11 Q. And if we flip the page, at the bottom</p> <p>12 of the page we see that Denny chimes into the</p> <p>13 conversation and says, "Once the stores are</p> <p>14 transitioned to either ABC or ANDA, then yes."</p> <p>15 Do you see that?</p> <p>16 A. Yes, I do.</p> <p>17 Q. And is ANDA another jobber that you all</p> <p>18 have utilized from time to time?</p> <p>19 A. At the time, yes, it was.</p> <p>20 Q. Okay.</p> <p>21 A. I didn't remember that, though.</p> <p>22 Q. Okay.</p> <p>23 A. I just saw it now. But, yes, we did</p> <p>24 have that.</p>	<p style="text-align: center;">Page 237</p> <p>1 Q. So, so that we have the chronology</p> <p>2 correct with these stores, these were stores that</p> <p>3 Cardinal Health had red-flagged and was not</p> <p>4 shipping controlled substances to, correct?</p> <p>5 MR. LEVINE: Objection; asked and answered.</p> <p>6 BY THE WITNESS:</p> <p>7 A. I'm assuming based on what we have</p> <p>8 talked about previous, yes.</p> <p>9 BY MR. GADDY:</p> <p>10 Q. Okay. And to make that happen, to make</p> <p>11 the orders not go to Cardinal Health, you had had</p> <p>12 to put restrictions on them?</p> <p>13 A. Yes, we did put restrictions on.</p> <p>14 Q. And what you're contemplating here is</p> <p>15 removing those restrictions so that those stores</p> <p>16 can now be serviced by AmerisourceBergen?</p> <p>17 A. We were asked to remove those stores</p> <p>18 from a file and, yes, we did do that.</p> <p>19 Q. Okay. And, so, your understanding was</p> <p>20 that those orders would now be cleared to go to</p> <p>21 AmerisourceBergen so that AmerisourceBergen could</p> <p>22 fill those orders?</p> <p>23 A. Yes.</p> <p>24 Q. During -- during the course of the</p>

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<p>1 morning I've been asking you about several folks 2 that I see on e-mails, just ask if you know them or 3 know who they are. And I've asked you about 4 several members of the Rx integrity team, but I 5 think one person I neglected to ask you about was 6 Ed Bratton. Do you know who that is?</p> <p>7 A. Yes, I do.</p> <p>8 Q. Okay. How do you know Ed Bratton?</p> <p>9 A. I met him in a meeting the other -- 10 about a week ago.</p> <p>11 Q. Okay. You have an understanding that 12 Ed Bratton had to provide some testimony on behalf 13 of Walgreens as a whole and that he was kind of 14 doing some independent research to kind of learn 15 about Walgreens' historical policies and procedures 16 relating to controlled substances?</p> <p>17 A. Yes.</p> <p>18 Q. Okay. And to help Mr. Bratton get ready 19 to provide that testimony, is that what you had a 20 conversation with him about?</p> <p>21 A. Yes.</p> <p>22 Q. What topic in particular as it relates 23 to controlled substances policies and procedures 24 did you talk with Mr. Bratton about?</p>	<p>1 Q. Do you know any of the factors that are 2 considered in setting a line limit?</p> <p>3 A. No, I do not.</p> <p>4 Q. We looked at an e-mail earlier, and I 5 can go back through and find it if we need to, but 6 it -- the e-mail started out and said, "We 7 instituted line limits for controlled substances in 8 June of 2012." Do you remember that?</p> <p>9 A. Yes, I remember something like that, 10 yes.</p> <p>11 Q. Okay. Do you -- does that mean anything 12 to you when you read that? Do you think yes, 13 that's when I remember line limits going into 14 effect or do you just take the words as they're 15 written?</p> <p>16 A. I'm taking the words as they're written.</p> <p>17 Q. If you didn't have that in front of you 18 and I asked you when line limits went into effect, 19 would you have been able to give me any answer at 20 all?</p> <p>21 A. No, I would not.</p> <p>22 Q. As it relates to controlled substances, 23 I think we have seen that you have gotten 24 directions or requests for solutions from Denny and</p>
<p style="text-align: center;">Page 239</p> <p>1 A. We talked about the excessive order 2 query.</p> <p>3 Q. Okay. Was there any other topic related 4 to controlled substances that you talked with 5 Mr. Bratton about?</p> <p>6 A. No.</p> <p>7 Q. Did you have any conversation with 8 Mr. Bratton about line limit reports?</p> <p>9 A. No.</p> <p>10 Q. Would you have known anything about the 11 line limit reports?</p> <p>12 A. No, I wouldn't have.</p> <p>13 Q. Would the line limit reports have been 14 something done by a team such as yours on the 15 distribution center side or a team such Steve 16 Bamberg's on the store side?</p> <p>17 A. Steve Bamberg's on the store side.</p> <p>18 Q. Do you know as far as the line limit 19 reports who is charged with setting the line 20 limits?</p> <p>21 A. No, I do not.</p> <p>22 Q. Do you know what criteria is involved in 23 setting a line limit?</p> <p>24 A. No, I do not.</p>	<p style="text-align: center;">Page 241</p> <p>1 John Merritello, right?</p> <p>2 A. Yes.</p> <p>3 Q. Who else on the business side, and I'm 4 just going back to, say, 2010, but who else on the 5 business side have you gotten direction or a 6 request from related to controlled substances?</p> <p>7 A. Those are the only two that I can really 8 think of right now that would -- I would have 9 talked to.</p> <p>10 Q. Okay. So, I think you told me earlier, 11 I wrote it down somewhere, but that you've received 12 orders from anywhere from 50 to 60 folks on the 13 business side over the course of your career, 14 right?</p> <p>15 A. Yes.</p> <p>16 Q. But as far as going back to 2010, as far 17 as folks on the business side who gave you orders 18 or asked you to implement solutions or protocols 19 related to controlled substances, you would limit 20 that to Denny and John?</p> <p>21 A. Yes, I would.</p> <p>22 Q. I will show you what I will mark as 23 Peterson 27. It's P-WAG-2014.</p> <p>24 (WHEREUPON, a certain document was</p>

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<p>1 marked Walgreens-Peterson Exhibit 2 No. 27: 10/5/12 e-mail string with 3 attachment; WAGMDL00278108 - 4 00278111.)</p> <p>5 BY MR. GADDY:</p> <p>6 Q. Let's flip to the second page, please, 7 and go down to the bottom of the page so we can see 8 the first e-mail in this chain.</p> <p>9 A. Yes.</p> <p>10 Q. And, again, we got, to get our bearing, 11 this is -- this is an e-mail from October of 2012, 12 right?</p> <p>13 A. Yes.</p> <p>14 Q. So, this is going to be, to kind of put 15 it in context with some other things we have been 16 talking about today, this is after the 17 September 2012 Order to Show Cause to the Jupiter 18 distribution center but before the Perrysburg stuff 19 starts. Does that sound right to you in context?</p> <p>20 A. Yes, sounds about right.</p> <p>21 Q. So, at this point in time, Walgreens is 22 still working with and utilizing Cardinal Health as 23 a distributor -- as a jobber I should say?</p> <p>24 A. It's very possible, yes. I don't</p>	<p>1 for five examples that we pulled. Please give me a 2 call when you're available to walk through the 3 example."</p> <p>4 Do you see that?</p> <p>5 A. Yes, I see that.</p> <p>6 Q. Okay. And if you flip back to the last 7 page and go up to the next e-mail in the chain, it 8 looks like Jenny forwards this -- excuse me. It 9 looks like Denny forwards this to John Merritello.</p> <p>10 Do you see that?</p> <p>11 A. Yes.</p> <p>12 Q. And if you flip the page one more time, 13 it looks like John sends it along to you.</p> <p>14 Do you see that?</p> <p>15 A. Yes, I do.</p> <p>16 Q. Okay. Do you recall this e-mail or this 17 issue that you were asked to work on by John 18 Merritello?</p> <p>19 A. No, I do not recall it.</p> <p>20 Q. John writes, "Doug - looks like the 21 entire quantity is going through to Cardinal for 22 C-II. I do see an ISN reason code 31 but Cardinal 23 is showing we are transmitting the entire quantity.</p> <p>24 The store is showing 7 for an order. Can you</p>
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<p>1 remember exactly, though.</p> <p>2 Q. I understand. And it looks like this 3 e-mail is from Angie Thomas and she has a Cardinal 4 Health e-mail address?</p> <p>5 A. Yes.</p> <p>6 Q. And she writes to Denny and it looks 7 like Barb Martin is copied, correct?</p> <p>8 A. Yes.</p> <p>9 Q. And the subject line is "Walgreens Line 10 Limit Data for Blanks."</p> <p>11 Do you see that?</p> <p>12 A. Yes, I do.</p> <p>13 Q. Does that subject line in and of itself 14 mean anything to you?</p> <p>15 A. No, it does not.</p> <p>16 Q. Do you know what is meant by "for 17 blanks"?</p> <p>18 A. No.</p> <p>19 Q. If you turn the page, we see the body of 20 the e-mail and Angie writes, "Denny, I just got off 21 the phone with Dave Reiter and he suggested 22 reaching out to you directly with the examples of 23 orders exceeding line limits and the original usage 24 provided. You will also receive the actual blank</p>	<p>1 check?"</p> <p>2 Did I read that right?</p> <p>3 A. Yes.</p> <p>4 Q. Can you -- there are a couple of 5 acronyms or codes in there that don't mean anything 6 to me.</p> <p>7 Can you explain to me what John is 8 saying in that couple of sentences?</p> <p>9 A. It appears that we wrote an insufficient 10 notice for reason code of 31, which I'm not 100% 11 sure what it was, but we still were transmitting 12 the quantity to Cardinal.</p> <p>13 Q. Okay. Flip to the last page for me, if 14 you don't mind, which is going to be the report or 15 the attachment. Do you see that?</p> <p>16 A. Yes, I see it.</p> <p>17 Q. And if you look at the top entry level, 18 I think this is the one that John referred to, 19 Walgreens drug, it looks like, store is 5338.</p> <p>20 Do you see that?</p> <p>21 A. Yes.</p> <p>22 Q. And it has a customer number, correct?</p> <p>23 A. Yes.</p> <p>24 Q. And DC, is that a distribution center</p>

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<p>1 number?</p> <p>2 A. Yes.</p> <p>3 Q. And then it has a CIN and then a</p> <p>4 description and it looks like for the first line</p> <p>5 they are talking about Methadone, correct?</p> <p>6 A. That's what the document says, yes.</p> <p>7 Q. And as you continue over to the right,</p> <p>8 you see the GCN, the invoice date, the blank ID,</p> <p>9 the invoice number, the order number, and then you</p> <p>10 see the original order quantity.</p> <p>11 Do you see that?</p> <p>12 A. Yes, I do.</p> <p>13 Q. And, so, for this particular store for</p> <p>14 this particular product they ordered 7.</p> <p>15 Do you see that?</p> <p>16 A. Yes.</p> <p>17 Q. And it says, the next column is the</p> <p>18 shipped quantity, correct?</p> <p>19 A. Yes.</p> <p>20 Q. And how many was shipped?</p> <p>21 A. It says 7.</p> <p>22 Q. Okay. And if we go to the next column,</p> <p>23 it indicates Walgreens line limit.</p> <p>24 Do you see that?</p>	<p>1 Q. And the quantity that was shipped is</p> <p>2 also 24, correct?</p> <p>3 A. Yes.</p> <p>4 Q. And what was the line limit?</p> <p>5 A. 17.</p> <p>6 Q. So, this document here is indicating</p> <p>7 that this store was allowed to order oxycodone in</p> <p>8 excess of its line limit?</p> <p>9 A. That's what the form would indicate, but</p> <p>10 I'm not quite sure of this document and where</p> <p>11 they're getting line limits. So, I can't conclude</p> <p>12 that.</p> <p>13 Q. I understand that. But you see that</p> <p>14 that's what the document indicates?</p> <p>15 A. That's what the document indicates, yes.</p> <p>16 Q. Okay. And if we go back to the first</p> <p>17 page of the e-mail, tell me if I'm wrong, but it</p> <p>18 looks like John Merritello is bringing this issue</p> <p>19 or this problem to your attention and asking you to</p> <p>20 look into it?</p> <p>21 A. Yes, it does appear that way.</p> <p>22 Q. Okay. It looks like a couple days go</p> <p>23 by. He follows back up with you two days later. I</p> <p>24 think he sends the first e-mail on October 1. He</p>
<p>1 A. Yes, I do.</p> <p>2 Q. And the line limit is only two for that</p> <p>3 product, correct?</p> <p>4 A. Yes.</p> <p>5 Q. So, does this document indicate that</p> <p>6 this particular store was shipped seven units of</p> <p>7 this particular drug, Methadone, which is over and</p> <p>8 above the two, which is the line limit?</p> <p>9 A. The form would indicate that, yes.</p> <p>10 Q. Okay. And just to give you one more</p> <p>11 example, if you go down to the last entry on the</p> <p>12 page do you see there is an entry for Walgreen</p> <p>13 store 10204?</p> <p>14 A. Yes.</p> <p>15 Q. And that that particular entry is</p> <p>16 related to oxycodone?</p> <p>17 A. Yes.</p> <p>18 Q. And next to there it's indicated that</p> <p>19 that's a Schedule II controlled substance?</p> <p>20 A. Yes, it does.</p> <p>21 Q. And if we follow over to the columns on</p> <p>22 the right-hand side of the chart, you see that the</p> <p>23 order quantity that was requested is 24, correct?</p> <p>24 A. Yes.</p>	<p>1 follows back up on October 4 asking if you had a</p> <p>2 chance to look into it.</p> <p>3 Do you see that?</p> <p>4 A. Yes.</p> <p>5 Q. And in the top e-mail you respond on</p> <p>6 October 5 and give him some information on what you</p> <p>7 were able to find out.</p> <p>8 Do you see that?</p> <p>9 A. Yes.</p> <p>10 Q. As we've gone through this e-mail and</p> <p>11 looked at the chart and looked at kind of the</p> <p>12 timeline here, do you recall this issue now?</p> <p>13 A. I don't -- I don't recall this</p> <p>14 particular issue, but it would be something that</p> <p>15 would fall into our support if there was an issue.</p> <p>16 Q. And this would be the type of thing that</p> <p>17 from time to time you were asked to look into and</p> <p>18 craft or implement some type of solution to prevent</p> <p>19 there being holes like this in the system?</p> <p>20 MR. LEVINE: Objection to form.</p> <p>21 BY THE WITNESS:</p> <p>22 A. It's possible, yes.</p> <p>23 BY MR. GADDY:</p> <p>24 Q. This is the type of thing that you and</p>

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<p>1 your team does from time to time?</p> <p>2 A. We investigate issues, yes.</p> <p>3 Q. You say that "I was asked by John</p> <p>4 Merritello if our current system would adjust C-II</p> <p>5 jobber orders if there was a line limit on an item.</p> <p>6 Because Jupiter is sending everything to the</p> <p>7 jobbers, I took a quick look at Jupiter and noticed</p> <p>8 that were line limit insufficient codes on working</p> <p>9 order scan. Therefore, I assume we were sending</p> <p>10 line limit insufficients to the stores. But the</p> <p>11 e-mail below suggested that I assume incorrectly."</p> <p>12 Do you see that?</p> <p>13 A. Yes, I do.</p> <p>14 Q. Does that make sense to you?</p> <p>15 A. Yes.</p> <p>16 Q. Okay. Can you explain it to me? I</p> <p>17 don't completely follow.</p> <p>18 A. It looks like our programs were working</p> <p>19 as they were supposed to and we were -- were</p> <p>20 creating insufficients, but it also looks like we</p> <p>21 were still sending the order quantity on.</p> <p>22 Q. Okay. Even if it was being ordered in</p> <p>23 excess of the line limit?</p> <p>24 A. Yes.</p>	<p>1 Jupiter that were allowing the stores to order</p> <p>2 product in excess of the line limit?</p> <p>3 A. It's saying there is possibly an issue,</p> <p>4 but does not identify if there is or not. That's</p> <p>5 why I was asking help from someone else.</p> <p>6 Q. Okay. Well, you were sent a spreadsheet</p> <p>7 that had several examples of several stores that</p> <p>8 had been permitted to order C-II's over their line</p> <p>9 limit, correct?</p> <p>10 A. That spreadsheet that's attached to here</p> <p>11 showed that, yes.</p> <p>12 Q. And, so, it looks like that was an issue</p> <p>13 as it related to orders coming through the Jupiter</p> <p>14 distribution center and you were asking somebody to</p> <p>15 try to look into that and try to help you out?</p> <p>16 A. Yes.</p> <p>17 Q. Do you remember whether or not you were</p> <p>18 able to solve that issue?</p> <p>19 A. No, I do not remember.</p> <p>20 Q. Do you know whether or not the order</p> <p>21 processing system was ever remedied to prevent</p> <p>22 stores from ordering controlled substances above</p> <p>23 their line limit?</p> <p>24 A. I don't remember a change like that, no.</p>
<p style="text-align: center;">Page 251</p> <p>1 Q. Do you know how long that was happening</p> <p>2 for?</p> <p>3 A. No, I do not remember.</p> <p>4 Q. Okay. You say, "I then looked at the</p> <p>5 jobber history file and saw that the insufficient</p> <p>6 code for the item below was 10 (no regular</p> <p>7 quantity). This suggests to me that once OP" --</p> <p>8 what's OP?</p> <p>9 A. Order processing. That's a system that</p> <p>10 we run our orders through.</p> <p>11 Q. "This suggests to me that once order</p> <p>12 processing determines that an item is insufficient</p> <p>13 for no regular quantity that it does not check any</p> <p>14 other insufficients (which is what I would expect).</p> <p>15 Is it possible that you or somebody else on your</p> <p>16 team could verify this? Any help would be</p> <p>17 appreciated."</p> <p>18 Do you see that?</p> <p>19 A. Yes, I do.</p> <p>20 Q. So, for some period of time we</p> <p>21 understand from this issue that you had to -- that</p> <p>22 you were asked to look into and investigate by John</p> <p>23 Merritello that there was an issue within the order</p> <p>24 processing system for C-II's being ordered out of</p>	<p style="text-align: center;">Page 253</p> <p>1 Q. Is it possible that you weren't able to</p> <p>2 fix that problem?</p> <p>3 A. Anything is possible, but I believe we</p> <p>4 would have fixed it.</p> <p>5 Q. Do you know how long it would have taken</p> <p>6 you?</p> <p>7 A. I don't remember.</p> <p>8 Q. Do you know how long stores were able to</p> <p>9 order controlled substances above their line limits</p> <p>10 before this problem was brought to your attention?</p> <p>11 A. No, I do not remember.</p> <p>12 Q. I will show you what I will mark as</p> <p>13 Peterson No. 28. It's two pages, but I'm pretty</p> <p>14 sure it's the same document twice in a row.</p> <p>15 (WHEREUPON, a certain document was</p> <p>16 marked as Walgreens-Peterson</p> <p>17 Exhibit No. 28: Document,</p> <p>18 "Handling Suspicious Drug Orders";</p> <p>19 WAGFLDEA00001584 - 00001855.)</p> <p>20 BY MR. GADDY:</p> <p>21 Q. Do you recognize this document?</p> <p>22 A. No, I do not recognize this.</p> <p>23 Q. Do you know if you've ever seen this</p> <p>24 before?</p>

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<p>1 A. To the best of my knowledge, I've never 2 seen this before.</p> <p>3 Q. Okay. I'm just going to ask you a 4 couple questions about it.</p> <p>5 Do you see below the text there it says 6 that -- the last thing written is that this policy 7 originated 9/8/98, and then right above it it says 8 it was revised 2/15/05?</p> <p>9 A. Yes, I see that.</p> <p>10 Q. If we go down to the bottom of the page, 11 do you see an address that looks like this document 12 came from the Walgreens intranet?</p> <p>13 A. Yes, I would call that the Walgreen 14 Internet.</p> <p>15 Q. Okay.</p> <p>16 A. Intranet I mean.</p> <p>17 Q. Sure. And are you familiar with the 18 concept that Walgreens at least at some places in 19 some times maintained some types of policies or 20 procedures on that intranet that its employees 21 could access?</p> <p>22 A. I understand that the distribution 23 centers write their own SOPs. I don't normally -- 24 I never look at them. But yes.</p>	<p>1 MR. LEVINE: In other words, they are both two 2 pages but the order is switched.</p> <p>3 MR. GADDY: Okay. Mark, let me give this to 4 you first. Does that look like what you have?</p> <p>5 MR. LEVINE: That's the first page of what I 6 got.</p> <p>7 MR. GADDY: Okay.</p> <p>8 BY MR. GADDY:</p> <p>9 Q. I'm only going to -- I'm only going to 10 show you the first page. Okay? I think you got 11 the right one now.</p> <p>12 A. Yes.</p> <p>13 Q. Okay. All right. Thanks for pointing 14 that out, Mr. Peterson. All right. Let's start 15 over.</p> <p>16 You have Peterson 28 in front of you?</p> <p>17 A. Yes, I do.</p> <p>18 Q. Okay. And, again, if you look at the 19 bottom of the page, do you see the indication of 20 the Walgreens intranet?</p> <p>21 A. Yes, I do.</p> <p>22 Q. Okay. And if you go back up to the top, 23 is the name of the document "Handling Suspicious 24 Drug Orders"?</p>
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<p>1 Q. The reason I wanted to ask you about 2 this one is because it references Logistics and 3 Planning Department. So let me just read this to 4 you and then ask if this is anything that you were 5 involved with.</p> <p>6 It says, "The Logistics and Planning 7 Department sends the Suspicious Control Drug Orders 8 report to all distribution centers."</p> <p>9 Do you see that?</p> <p>10 A. Yes, I do.</p> <p>11 Q. Okay. It says -- let me pause there and 12 ask you a couple questions about that.</p> <p>13 The Logistics and Planning Department. 14 Do you know what that is?</p> <p>15 A. I'm sorry. Go back up one second. Mine 16 is a little different than your document.</p> <p>17 Q. Okay. That's not good.</p> <p>18 A. I mean, I don't -- I read it here, but I 19 don't see it on my document unless I'm misplacing 20 it.</p> <p>21 MR. LEVINE: It looks like the pages of what 22 you handed to me are different than the pages that 23 the witness has.</p> <p>24 THE WITNESS: Yes.</p>	<p>1 A. Yes.</p> <p>2 Q. And same, the dates look to be the same 3 as I read earlier, "Originated 9/8/98. Revised 4 2/15/05." Is that correct?</p> <p>5 A. Yes, it is.</p> <p>6 Q. Okay. And let's try again with the body 7 of the document. It says, "The Logistics and 8 Planning Department sends the Suspicious Control 9 Drug Orders report to all distribution centers." 10 Do you see that?</p> <p>11 A. Yes, I do.</p> <p>12 Q. Are you aware of what the Logistics and 13 Planning Department is?</p> <p>14 A. No, I don't. I mean -- let me. Sorry. 15 I know what Logistics and Planning Department is, 16 yes.</p> <p>17 Q. Okay.</p> <p>18 A. Within Walgreens.</p> <p>19 Q. Is that -- you're supply and logistics. 20 Is that the same as or different than this?</p> <p>21 A. It would be different than that.</p> <p>22 Q. Okay. What is the Logistics and 23 Planning Department?</p> <p>24 A. Well, it's another division within</p>

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<p>1 logistics that does more probably the planning --</p> <p>2 Q. Are they --</p> <p>3 A. -- area.</p> <p>4 Q. -- IT folks or?</p> <p>5 A. I'm -- from this e-mail, we don't have</p> <p>6 an IT department that I know of that's called that.</p> <p>7 So, it looks like it's a business area.</p> <p>8 Q. Are you able to give me like a</p> <p>9 30,000-foot view of what the Logistics and Planning</p> <p>10 Department does?</p> <p>11 A. No, I couldn't.</p> <p>12 Q. Okay.</p> <p>13 A. Off the top of my head, no.</p> <p>14 Q. Okay. It says that that particular</p> <p>15 department sends the control -- the Suspicious</p> <p>16 Control Drug Orders report to all distribution</p> <p>17 centers.</p> <p>18 Do you see that?</p> <p>19 A. Yes, I see that.</p> <p>20 Q. Do you know what a Suspicious Control</p> <p>21 Drug Order report is?</p> <p>22 A. No, I do not.</p> <p>23 Q. Have you ever heard of that phrase</p> <p>24 before?</p>	<p>1 Do you see that?</p> <p>2 A. Yes.</p> <p>3 Q. It says, "Distribution centers must file</p> <p>4 all Suspicious Control Drug Order reports for five</p> <p>5 years."</p> <p>6 You've already told us you don't know</p> <p>7 what that means, right?</p> <p>8 A. True.</p> <p>9 Q. It goes on to say, "Effective calendar</p> <p>10 year 2012, the Controlled Substance Order</p> <p>11 Monitoring and Prevention System."</p> <p>12 Let me stop right there.</p> <p>13 Do you know what that is?</p> <p>14 A. No, I do not.</p> <p>15 Q. It says that particular system,</p> <p>16 "prevents suspicious control drugs from being</p> <p>17 shipped to the store. In calendar year 2012,</p> <p>18 because of the program mentioned, suspicious</p> <p>19 control drug reports are no longer generated as</p> <p>20 their shipment is prevented by the system."</p> <p>21 Do you see that?</p> <p>22 A. Yes.</p> <p>23 Q. Now, Mr. Peterson, when I read that, it</p> <p>24 occurred to me that it sounded like that was</p>
<p style="text-align: center;">Page 259</p> <p>1 A. No.</p> <p>2 Q. Okay. I'm going to show you what I'm</p> <p>3 going to mark as Peterson 29.</p> <p>4 (WHEREUPON, a certain document was</p> <p>5 marked as Walgreens-Peterson</p> <p>6 Exhibit No. 29: Document,</p> <p>7 "Handling Suspicious Orders and</p> <p>8 Loss of Controlled Drugs";</p> <p>9 WAGFLDEA00000028.)</p> <p>10 BY MR. GADDY:</p> <p>11 Q. And this should be a one-page document,</p> <p>12 right?</p> <p>13 A. Yes, it is.</p> <p>14 Q. And we should see the Walgreens intranet</p> <p>15 down at the bottom of the page again?</p> <p>16 A. Yes.</p> <p>17 Q. And, again, looking at the chronology of</p> <p>18 this particular policy, do you see that it</p> <p>19 originated in '98, revised in 2005 and revised</p> <p>20 again in April of 2012?</p> <p>21 A. Yes.</p> <p>22 Q. And the policy here is or the title is</p> <p>23 "Handling Suspicious Orders and Loss of Controlled</p> <p>24 Drugs."</p>	<p style="text-align: center;">Page 261</p> <p>1 something that was probably designed or implemented</p> <p>2 by an IT department.</p> <p>3 So, my question for you is, based on</p> <p>4 what we just read, does that sound familiar to you</p> <p>5 as any type of program or protocol or solution that</p> <p>6 you or your team was ever asked to implement during</p> <p>7 your time at Walgreens?</p> <p>8 A. No, it is nothing I'm familiar with.</p> <p>9 Q. Okay. Is that anything that you've ever</p> <p>10 heard of, even if it's not you or your team, any of</p> <p>11 the other IT teams at Walgreens being involved in</p> <p>12 as far as designing a system that would prevent</p> <p>13 suspicious control drugs reports from being</p> <p>14 generated?</p> <p>15 A. No, I'm -- no, I'm not. I do not know.</p> <p>16 Q. When you had the opportunity to talk</p> <p>17 with Mr. Bratton, did any of your conversations</p> <p>18 revolve around suspicious order -- or excuse me --</p> <p>19 Suspicious Control Drug Order reports?</p> <p>20 A. No.</p> <p>21 Q. In any of your conversations with</p> <p>22 Mr. Bratton, did you tell him that the excessive</p> <p>23 order queries were designed to detect suspicious</p> <p>24 orders of controlled substances?</p>

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<p>1 A. No, I did not.</p> <p>2 Q. And you agree that the suspicious order</p> <p>3 query -- excuse me -- the excessive order queries</p> <p>4 was not designed by you to be a tool required by</p> <p>5 the Controlled Substance Act to monitor or detect</p> <p>6 for suspicious orders of controlled substances?</p> <p>7 A. No, it was not.</p> <p>8 Q. I will show you what I'll mark as</p> <p>9 Peterson 30.</p> <p>10 (WHEREUPON, a certain document was</p> <p>11 marked as Walgreens-Peterson</p> <p>12 Exhibit No. 30: 2/11/11 e-mail</p> <p>13 string; WAGFLDEA00000891 -</p> <p>14 00000901.)</p> <p>15 BY MR. GADDY:</p> <p>16 Q. Again, the format is a little funky</p> <p>17 here. This is going to be P-WAG-1016.</p> <p>18 The format is a little funky here, but</p> <p>19 you recognize this to be another e-mail chain?</p> <p>20 A. Yes, it looks that way, yes.</p> <p>21 Q. Okay. And if you flip to the Bates</p> <p>22 number ending in 900.</p> <p>23 A. Yes.</p> <p>24 Q. And you see that this is an e-mail</p>	<p>1 A. Yes, I do.</p> <p>2 Q. "I know you are out of hydrocodone" --</p> <p>3 excuse me. Did I say hydrocodone? I meant</p> <p>4 oxycodone.</p> <p>5 A. Okay.</p> <p>6 Q. It says, "I know you are out of</p> <p>7 oxycodone again. The vendor was able to secure</p> <p>8 some more supply and will be overnighting 5,136</p> <p>9 tomorrow and shipping 31,680 ground. I know it</p> <p>10 won't last you that long but it's the most I could</p> <p>11 obtain at this time."</p> <p>12 Do you see that?</p> <p>13 A. Yes, I do.</p> <p>14 Q. And if you flip the page, do you see the</p> <p>15 signature block for Victoria Lau and it indicates</p> <p>16 that she's a replenishment buyer?</p> <p>17 A. Yes, it does.</p> <p>18 Q. Are you familiar with that position at</p> <p>19 Walgreens?</p> <p>20 A. I'm familiar with buyers, yes.</p> <p>21 Q. Generally speaking, what would her role</p> <p>22 be?</p> <p>23 A. To replenish. They buy product for</p> <p>24 our...</p>
<p>1 starting on the top left-hand corner of the</p> <p>2 page from Victoria Lau and it looks like it's to</p> <p>3 Kristine Atwell.</p> <p>4 Do you see that?</p> <p>5 A. Yes, I do.</p> <p>6 Q. And do you know who either of those</p> <p>7 individuals are?</p> <p>8 A. No. I do not.</p> <p>9 Q. And the subject of this e-mail is</p> <p>10 "Oxycodone 30 milligram tab"?</p> <p>11 A. Yes.</p> <p>12 Q. At this point in time, in February of</p> <p>13 2011, the excessive order query that you designed</p> <p>14 back in the early '90s was -- was operational and</p> <p>15 in effect, correct?</p> <p>16 A. As far as I know, yes.</p> <p>17 Q. The e-mail from Victoria says,</p> <p>18 "Kristine, I know you're out of WIC 682971 again."</p> <p>19 Do you see that?</p> <p>20 A. Yes.</p> <p>21 Q. And just so we can make sure we know</p> <p>22 what that is, if you look up in the subject of the</p> <p>23 e-mail, do you see that same number indicating the</p> <p>24 hydrocodone?</p>	<p>1 Q. So, as it relates to this particular</p> <p>2 e-mail, it's talking about a particular store or</p> <p>3 stores needing oxycodone, Victoria would be in</p> <p>4 charge of buying the oxycodone from, I guess, the</p> <p>5 manufacturers that would sell it. Is that your</p> <p>6 understanding?</p> <p>7 A. I'm not 100% sure about her herself, but</p> <p>8 based on the e-mails, it looks like she's helping</p> <p>9 to procure some medicine.</p> <p>10 Q. And that's your general understanding of</p> <p>11 what the buyers do?</p> <p>12 A. Basically, yes.</p> <p>13 Q. Okay. If you turn up a page or two,</p> <p>14 we'll start at 898.</p> <p>15 A. Okay.</p> <p>16 Q. And it looks like Kristine responds to</p> <p>17 Victoria. Do you see that? It's starting in the</p> <p>18 middle of the page.</p> <p>19 A. Yes, I do.</p> <p>20 Q. Okay. And then if you flip to the next</p> <p>21 page, we're still in the same subject line, the</p> <p>22 "Oxycodone 30 milligram tablets."</p> <p>23 Do you see that?</p> <p>24 A. Yes.</p>

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<p>1 Q. And it looks like Kristine says, 2 "I received a small pallet today but they were 3 oxycodone 15s and not 30s." 4 Do you see that? 5 A. Yes, I do. 6 Q. Do you have a general understanding that 7 many drugs, including oxycodone, can be different 8 strengths? 9 A. Yes, I know they can have different 10 strengths. 11 Q. For example, oxycodone can come in 15 12 milligram pills or 30 milligram pills? 13 A. Not familiar with that particular one 14 but... 15 Q. You see in the subject line she is 16 talking specifically about hydrocodone 30 milligram 17 pills? 18 A. Yes. 19 Q. And you have a general understanding 20 that a 30 milligram pill would be a stronger pill 21 than the 15 milligram pill? 22 A. Would be a higher dosage? 23 Q. Correct. 24 A. Yes.</p>	<p>1 Do you see that? 2 A. Yes. 3 Q. "It has been confirmed" -- excuse me. 4 "It hasn't been confirmed but I am 5 hearing that this is mainly an issue in Florida and 6 it pertains to the issues surrounding the pain 7 clinics and dispensing." 8 Do you see that? 9 A. Yes, I see it. 10 Q. In the February 2011 time frame when 11 this particular e-mail traffic is happening within 12 Walgreens, that excessive order query that you 13 designed in the early '90s continued to be 14 operational, correct? 15 MR. LEVINE: Objection; asked and answered, 16 form. 17 BY THE WITNESS: 18 A. To the best of my knowledge, yes. 19 BY MR. GADDY: 20 Q. Flip two pages for me, please, to 896. 21 Are you with me? 22 A. Yes, I am with you now. 23 Q. And it looks like Kristine responds at 24 the bottom of the page. She says, "You are exactly</p>
<p>1 Q. Kristine says, "I received a small 2 pallet today but they were oxycodone 15s, not 30s. 3 Can you confirm that the 30s were set to delivery 4 today? Also, how long will we continue to struggle 5 getting this product if the manufacturer is 6 producing?" 7 Do you see that? 8 A. Yes, I see it. 9 Q. If you flip the page, it looks like we 10 see the response and she says, "Hi Kristine, I will 11 follow up again with the vendor to see if I can 12 obtain tracking. I did alert them that you were 13 out of 30 and that is what they were supposed to 14 overnight. I'll keep you posted on their 15 response." 16 Do you see that? 17 A. Yes, I do. 18 Q. She goes on to say, "The issue with this 19 item is the usage keeps increasing." 20 Do you see that? 21 A. Yes. 22 Q. "It's nearly doubled in usage in one 23 year and the C-II manufacturers have quotas on what 24 they can ship per the DEA."</p>	<p>1 correct regarding the Florida pain clinics. I have 2 stores that try to order 1,000 bottles per week. I 3 have alerted their pharmacy supervisors, but they 4 have all said that they require that much to fill 5 scripts." 6 Do you see that? 7 A. Yes. 8 Q. And we see there Kristine Atwell's 9 signature block that she is the C-II function 10 manager at Jupiter? 11 A. Yes. 12 Q. Do you have an understanding of the role 13 of the C-II function manager? 14 A. They manage the distribution center 15 there. That's my understanding. 16 Q. And specifically they would manage the 17 controlled substances for the distribution center? 18 A. With hers, yes. Hers is C-II. 19 Q. Would your understanding be that -- we 20 have talked about Deb Bish a little bit -- that she 21 would have an equivalent position at the Perrysburg 22 distribution center? 23 A. Yes, I think so. 24 Q. Okay. If you flip for me, please, to</p>

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<p>1 894. And it looks like we get Victoria's response 2 to Kristine, and we see it at the bottom of the 3 page.</p> <p>4 And she says, "1000/ week per store? 5 That is unbelievable. Well, I did hear back from 6 the vendor and below was her response. I hope this 7 helps you out."</p> <p>8 And if we turn the page, we see a report 9 from the vendor. It says, "Victoria, as promised, 10 a total of 5,136 units of the Oxy 30 milligrams 11 were shipped to Jupiter Florida yesterday for 12 delivery today. UPS tracking shows this order on 13 the truck for delivery. In addition to these 5,136 14 units we also shipped a total of 31,680 units out 15 yesterday via regular delivery. I am working on 16 getting that tracking as we speak."</p> <p>17 Do you see that?</p> <p>18 A. Yes.</p> <p>19 Q. So, it looks like Victoria was able to 20 secure these approximately 36,000 additional 21 oxycodone 30s for the Walgreens Jupiter 22 distribution center, correct?</p> <p>23 MR. LEVINE: Objection; lacks foundation.</p> <p>24 BY THE WITNESS:</p>	<p>1 9/23/09? 2 A. Yes. 3 Q. And below that it says "Suspicious 4 Order"?</p> <p>5 A. Yes. I see that. 6 Q. Below "Suspicious Order" it has it looks 7 like a month start and end date of 9/1 through 8 9/30.</p> <p>9 Do you see that?</p> <p>10 A. Yes, I do.</p> <p>11 Q. And then down below that, do we see 12 several -- I guess let's start in the chart, start 13 on the left-hand side, it looks like it has a 14 district number and then a store number.</p> <p>15 Do you see that?</p> <p>16 A. Yes.</p> <p>17 Q. And it looks like on this particular 18 page it's the same store?</p> <p>19 A. Yes.</p> <p>20 Q. And then to the -- to the right of that 21 we have a WIC number and then an item description.</p> <p>22 Do you see that?</p> <p>23 A. Yes, I do.</p> <p>24 Q. And the column to the right of that</p>
<p>1 A. I wouldn't know that myself.</p> <p>2 BY MR. GADDY:</p> <p>3 Q. Okay. Is that what Victoria has 4 indicated in her e-mail there?</p> <p>5 MR. LEVINE: Objection; lacks foundation.</p> <p>6 BY THE WITNESS:</p> <p>7 A. I don't really know.</p> <p>8 BY MR. GADDY:</p> <p>9 Q. Okay. I'm going to show you what I'm 10 going to mark as Peterson 31.</p> <p>11 (WHEREUPON, a certain document was 12 marked as Walgreens-Peterson 13 Exhibit No. 31: Document, 14 "Threshold Violations-Monthly"; 15 WAGMDL00674619.)</p> <p>16 BY MR. GADDY:</p> <p>17 Q. Can you tell me what this report is?</p> <p>18 A. No, I am not familiar with this report.</p> <p>19 Q. Do you see up at the top center of the 20 page that's underlined it says "Threshold 21 Violations-Monthly"?</p> <p>22 A. I see that, yes.</p> <p>23 Q. You see to the right of that up top, 24 it's got an order or -- excuse me -- a date of</p>	<p>1 would be the order date and then there is a reason 2 code.</p> <p>3 Do you see that?</p> <p>4 A. Yes, I see them.</p> <p>5 Q. So, it looks like at the bottom of the 6 list there is three separate orders for OxyContin.</p> <p>7 Do you see that?</p> <p>8 A. Yes.</p> <p>9 Q. And if we go chronologically, it looks 10 like the bottom entry is the earliest order date, 11 right, 9/2/09?</p> <p>12 A. Yes.</p> <p>13 Q. And it looks like it was an order for 40 14 milligram tablets. What does -- does the 100 mean 15 anything to you? Is that 100 pills, 100 bottles, 16 do you know?</p> <p>17 MR. LEVINE: Objection; lacks foundation.</p> <p>18 BY THE WITNESS:</p> <p>19 A. I'm not sure.</p> <p>20 BY MR. GADDY:</p> <p>21 Q. And the reason -- and this is -- the 22 reason code, and do you know what the reason code 23 of T means?</p> <p>24 A. No, I do not.</p>

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<p>1 Q. Do you know why this order for OxyContin 2 ended up on this particular suspicious order 3 report?</p> <p>4 A. No, I do not.</p> <p>5 Q. Above that, there is another order from 6 the store for OxyContin 20 milligram tablets, again 7 100, ordered on September 10 of 2009, and it's also 8 listed here as a suspicious order.</p> <p>9 Do you see that?</p> <p>10 A. Yes, I do.</p> <p>11 Q. And, again, the same reason code of T is 12 given.</p> <p>13 Do you see that?</p> <p>14 A. Yes.</p> <p>15 Q. And do you know whether that means 16 threshold or do you know what that means at all?</p> <p>17 A. I do not know what that reason code is. 18 I'm not familiar with this particular screen or 19 piece of paper you're showing me.</p> <p>20 Q. Okay. Above that we see a third order 21 for OxyContin. This time, 20 milligram tablets, 22 again 100 units, for 9/13/09; and we also see that 23 listed as a suspicious order here on this report, 24 correct?</p>	<p>1 format as the last one that we looked at?</p> <p>2 A. Yes, it looks like the same.</p> <p>3 Q. Again, it says "Threshold 4 Violations-Monthly" at the top?</p> <p>5 A. Yes.</p> <p>6 Q. And it looks like right above that it 7 says, "MartinB." I'm guessing that might be for 8 Barb Martin. Do you know whether or not that's 9 true?</p> <p>10 A. I'm not sure.</p> <p>11 Q. And, again, the date to the top right 12 corner is 9/23/09, and you see there that it 13 lists -- has the term "Suspicious Order"?</p> <p>14 A. Yes, I see that.</p> <p>15 Q. Okay. And if we look at this report, we 16 see two entries at the bottom of the page for 17 OxyContin which are both listed here as suspicious 18 orders. Do you see that?</p> <p>19 A. Yes, I do.</p> <p>20 Q. And do you see about three or four up 21 from that there is an order for hydrocodone that's 22 listed here as a suspicious order.</p> <p>23 Do you see that?</p> <p>24 A. Yes, I do.</p>
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<p>1 A. Yes.</p> <p>2 Q. And do you know why that particular 3 order was listed as suspicious?</p> <p>4 A. No, I do not.</p> <p>5 Q. From looking at this report, do you have 6 any understanding of whether or not these orders 7 were shipped to the store?</p> <p>8 A. No, I can't tell that at all.</p> <p>9 Q. From looking at this report, do you know 10 whether or not these orders were reported to the 11 DEA?</p> <p>12 MR. LEVINE: Objection; lacks foundation.</p> <p>13 BY THE WITNESS:</p> <p>14 A. No, I do not.</p> <p>15 BY MR. GADDY:</p> <p>16 Q. I'm going to show you what I'm going to 17 mark as Peterson No. 32, which is a similar form. 18 (WHEREUPON, a certain document was 19 marked as Walgreens-Peterson 20 Exhibit No. 32: Document, 21 "Threshold Violations-Monthly"; 22 WAGMDL00674620.)</p> <p>23 BY MR. GADDY:</p> <p>24 Q. Does this look to you to be in the same</p>	<p>1 Q. And it looks like these are orders that 2 were identified as suspicious back in September of 3 2009.</p> <p>4 Are you able to tell from this report 5 whether or not any action was taken in response to 6 these orders being populated on this report?</p> <p>7 A. No, I do not.</p> <p>8 Q. I'm showing you what I am going to mark 9 as Peterson Exhibit 33. This report is a little 10 bit different. I'm going to show you this one. 11 (WHEREUPON, a certain document was 12 marked as Walgreens-Peterson 13 Exhibit No. 33: Document, "Order 14 Item Detail"; WAGMDL00674553.)</p> <p>15 BY MR. GADDY:</p> <p>16 Q. This is going to be P-WAG-2093.</p> <p>17 I think the other ones that we said said 18 something along the lines of "Threshold Report" at 19 the top. I think it said "Threshold Violations" on 20 the others. This one at the top says "Order Item 21 Detail."</p> <p>22 Do you see that?</p> <p>23 A. Yes, I do.</p> <p>24 Q. Okay. Do you recognize this report?</p>

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1 A. No, I do not.	1 (WHEREUPON, a certain document was
2 Q. Do you see in the -- again, above it, it	2 marked as Walgreens-Peterson
3 says, "MartinB."	3 Exhibit No. 34: Documents,
4 Do you see that?	4 "Threshold Violations-Weekly";
5 A. Yes.	5 WAGMDL00574576 - 00674594.)
6 Q. And, again, in the top right-hand corner	6 BY MR. GADDY:
7 we have the 8/25/09 date?	7 Q. And, again, if we look at the top of
8 A. Yes.	8 this page do we see the indication "Threshold
9 Q. And below that it indicates, again, that	9 Violation-Weekly"?
10 this is a suspicious order.	10 A. Yes.
11 Do you see that?	11 Q. Okay. So, I think we looked at some of
12 A. Yes, I do.	12 these that were monthly and some of these are
13 Q. And under the "Item Description," which	13 weekly; and as far as you're concerned, you don't
14 is right above the line that goes across the page,	14 know the difference between the two?
15 do you indicate that the item being described here	15 A. No, I do not.
16 is morphine sulfate?	16 Q. Okay. The top right-hand corner of the
17 A. Yes.	17 page, we see that this is a document from
18 Q. 30 milligram tabs?	18 February 17, 2010?
19 A. Yes.	19 A. Yes.
20 Q. And if we go down to the bottom of the	20 Q. And, again, this indicates that what's
21 page, I think maybe we get an answer to one of the	21 listed here are suspicious orders.
22 questions I was asking you earlier. It says,	22 Do you see that?
23 "Suspicious Reason Code."	23 A. Yes.
24 Do you see that at the very bottom?	24 Q. And the week range that they are talking
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1 A. Yes, I do.	1 about here looks to be February 10 through
2 Q. It says, "T - exceeds tolerance limit."	2 February 17.
3 Do you see that?	3 Do you see that?
4 A. Yes, I do.	4 A. Yes.
5 Q. During your time at Walgreens in the	5 Q. And if we start on the items that are
6 supply and logistics IT department, have you done	6 listed there for one particular store, there's a
7 any work that you can recall on controlled	7 listing for a hydrocodone product, correct?
8 substance tolerance limits?	8 A. Yes.
9 A. No.	9 Q. And that's listed there as a suspicious
10 Q. Are you aware of anybody in the supply	10 order? Do you see that?
11 or logistics department within Walgreens who has	11 A. Yes, it's on the report, yes.
12 done any work on any tolerance limits related to	12 Q. Okay. And if we skip down a little bit,
13 controlled substances?	13 there is a different store, 2003, that's also
14 MR. LEVINE: Objection; lacks foundation.	14 listed here as having a suspicious order of
15 BY THE WITNESS:	15 hydrocodone.
16 A. No, I do not.	16 Do you see that?
17 BY MR. GADDY:	17 A. Yes, I do.
18 Q. Do you have an opinion on whether that	18 Q. And as we continue to go down, we see
19 would be somebody on the distribution side or	19 similar suspicious order entries for codeine
20 somebody on the store side like Steve Bamberg?	20 products, Tramadol, more hydrocodone and more
21 A. It would not be distribution. Might be	21 Tramadol.
22 stores.	22 Do you see that?
23 Q. I'm just going to go through maybe one	23 A. Yes, I do.
24 more of these. This is Peterson 34, P-WAG-2103.	24 Q. And if we look to the reason code to the

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<p>1 right, several of these are indicated to be 2 suspicious orders because they're threshold 3 violations. Do you see that, the T?</p> <p>4 MR. LEVINE: Objection; lacks foundation.</p> <p>5 BY THE WITNESS:</p> <p>6 A. I see the T, yes.</p> <p>7 BY MR. GADDY:</p> <p>8 Q. Do you recall we saw in the last 9 document that the T stood for the threshold 10 violations?</p> <p>11 MR. LEVINE: Objection to form.</p> <p>12 BY THE WITNESS:</p> <p>13 A. Yes, I see that.</p> <p>14 BY MR. GADDY:</p> <p>15 Q. I said threshold. I think maybe it's 16 tolerance.</p> <p>17 A. It's tolerance limit.</p> <p>18 Q. Do you mind just reading it out what the 19 T stands for there?</p> <p>20 A. "Exceeds tolerance limit."</p> <p>21 Q. And you see the T here on this form?</p> <p>22 A. Yes.</p> <p>23 Q. There is also some Is on this form. Do 24 you know what those mean?</p>	<p>1 A. Yes.</p> <p>2 Q. And do you see here that I stands for 3 substantial inventory adjustment?</p> <p>4 A. Yes.</p> <p>5 Q. I will show you one more of these from a 6 different date range. This is going to be Peterson 7 35. It's going to be P-WAG-2102.</p> <p>8 (WHEREUPON, a certain document was 9 marked as Walgreens-Peterson 10 Exhibit No. 35: Documents, "Order 11 Item Detail"; WAGMDL00674562 - 12 00674575.)</p> <p>13 BY MR. GADDY:</p> <p>14 Q. And do you see, Mr. Peterson, at the top 15 of this report it again -- this is one of the order 16 item detail reports. Do you see that?</p> <p>17 A. Yes.</p> <p>18 Q. And it's from August 18, 2010, and it's 19 listed there that this is designating a suspicious 20 order.</p> <p>21 Do you see that?</p> <p>22 A. Yes, I do.</p> <p>23 Q. And the item description here above the 24 line indicates hydromorphone.</p>
<p style="text-align: center;">Page 283</p> <p>1 A. No, I do not.</p> <p>2 Q. If you don't mind, flip to page 579, the 3 bottom right-hand corner. Let's see if we can 4 figure out what the I stands for.</p> <p>5 Do you see this particular report says 6 "Order Item Detail," from 2/17/10, "Suspicious 7 Order."</p> <p>8 Do you see that?</p> <p>9 A. Yes.</p> <p>10 Q. And if we look above "Order Item 11 Detail," we have seen several that had -- it said, 12 "MartinB." This one says, "Ranick."</p> <p>13 Do you see that?</p> <p>14 A. Yes, I do.</p> <p>15 Q. Are you familiar with a Marcy Ranick?</p> <p>16 A. No, I am not.</p> <p>17 Q. If we look at the item description, we 18 see that this particular suspicious order report 19 relates to hydrocodone.</p> <p>20 Do you see that?</p> <p>21 A. Yes, I do.</p> <p>22 Q. And then at the bottom of the page, 23 again, we see the suspicious reason code and I is 24 given?</p>	<p style="text-align: center;">Page 285</p> <p>1 Do you see that?</p> <p>2 A. Yes, I do.</p> <p>3 Q. And if we could go down to the bottom of 4 the page, it's indicated that the reason that this 5 item was flagged as suspicious is because it 6 exceeds the tolerance limit?</p> <p>7 A. Yes.</p> <p>8 Q. From looking at this, do you have any 9 understanding as to what was done with this order 10 after it was flagged on this suspicious order 11 report?</p> <p>12 MR. LEVINE: Objection to foundation.</p> <p>13 BY THE WITNESS:</p> <p>14 A. No, I do not.</p> <p>15 BY MR. GADDY:</p> <p>16 Q. If you turn to page 571. Do you see 17 here another one that indicates it's a threshold 18 violation monthly report.</p> <p>19 Do you see that?</p> <p>20 A. Yes.</p> <p>21 Q. In the top right-hand corner, this is 22 from 8/3/2010 and, again, it's listed as being a 23 suspicious order.</p> <p>24 Do you see that?</p>

Page 286	Page 288
1 A. Yes.	1 Q. I will show you what I will mark as
2 Q. And the date range that they're looking	2 Peterson 36.
3 at here looks like it's June 2010 and the product	3 (WHEREUPON, a certain document was
4 listed here on this suspicious order report is	4 marked as Walgreens-Peterson
5 oxycodone.	5 Exhibit No. 36: Document, "DEA
6 Do you see that?	6 Compliance Documentation Update May
7 A. Yes, I do.	7 14, 2008"; WAGMDL00491150 -
8 Q. And the order or the reason that it's	8 00491152.)
9 given is T, correct?	9 BY MR. GADDY:
10 A. Yes.	10 Q. And do you see at the top of the
11 Q. And we understand that that's a	11 page this says, "DEA Compliance Documentation
12 tolerance issue?	12 Update May 14, 2008."
13 A. From previous conversations, yes.	13 Do you see that?
14 Q. Okay. Mr. Peterson, from time to time	14 A. Yes.
15 have you participated in DEA compliance meetings	15 Q. And as far as who was invited, you see
16 within Walgreens?	16 you are listed there at the end of the top row?
17 A. I don't remember. Sounds like something	17 A. Yes, I do.
18 I would, but I don't remember.	18 Q. And other folks who were indicated
19 Q. In what form or fashion would you expect	19 there, looks like Sean Barnes is there who we
20 to have participated in DEA compliance meetings?	20 talked a little bit about this morning and Brian
21 A. Just from a system perspective.	21 Amend who is your direct superior, correct?
22 Q. What aspect of --	22 A. He is today, yes.
23 A. Computer.	23 Q. Do you recognize the other people in
24 Q. I'm sorry.	24 this list here?
Page 287	Page 289
1 A. Computer side of our systems.	1 A. Yes, I do.
2 Q. What aspect of DEA compliance would you	2 Q. Are all of them within the IT
3 have been involved in?	3 department?
4 A. I'm really not sure. It would have been	4 A. Yes, all of them are. Sharon was --
5 possibly -- I don't know. Just our distribution	5 was -- was a secretary in the IT department.
6 center computer, our computer systems at our	6 Q. Okay. Anybody that was involved in this
7 distribution center would be my representation for	7 meeting from the business side or from the legal
8 any of those DEA meetings.	8 side?
9 Q. If I say that you were involved or if	9 A. Dan Coughlin.
10 you say that you were potentially involved with DEA	10 Q. What was Dan Coughlin's role?
11 compliance meetings, compliance with what? What	11 A. He was a regional distribution manager
12 would the focus have been?	12 or -- he was over a series of distribution centers.
13 A. I don't remember.	13 Q. Okay.
14 Q. Okay.	14 A. So, he was like a regional manager.
15 A. I don't remember.	15 Q. Was he -- since DEA's involved, I'm
16 Q. Do you recall being given any laws or	16 going to make an assumption that he was over some
17 regulations or industry standards or DEA handouts	17 of the controlled substance distribution centers,
18 or policies or procedures that you would have had	18 is that right, or do you know?
19 to make sure that Walgreens' systems were up to	19 A. I don't remember.
20 speed on?	20 Q. For the "Agenda" it says, "Gather a list
21 A. That is not something I would normally	21 of any procedural or other DEA compliance-related
22 get, and I don't remember if I did or did not.	22 changes since the last DEA audit - estimated as
23 Would not have been in my -- what I would normally	23 late as 2006 for Sharon in order for her to update
24 see in my job.	24 the compliance document."

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<p>1 Do you see that?</p> <p>2 A. Yes, I do.</p> <p>3 Q. Specifically as it relates to the DEA</p> <p>4 compliance or -- excuse me -- to the DEA audit,</p> <p>5 what does that mean to you?</p> <p>6 A. I'm not sure.</p> <p>7 Q. Would DEA do audit of any of the IT</p> <p>8 systems or computer systems?</p> <p>9 A. I do not remember them doing that, no.</p> <p>10 Q. Would DEA do audits of the distribution</p> <p>11 centers?</p> <p>12 MR. LEVINE: Objection; lacks foundation.</p> <p>13 BY THE WITNESS:</p> <p>14 A. I'm not really sure.</p> <p>15 BY MR. GADDY:</p> <p>16 Q. Can you help me understand what the</p> <p>17 purpose of -- purpose was of a DEA compliance</p> <p>18 meeting such as this?</p> <p>19 And take your time and look through the</p> <p>20 agenda if you want to and the different items that</p> <p>21 are on here. And I think if you look at -- look</p> <p>22 through this, you'll see that there is a couple of</p> <p>23 different meeting dates that are -- that are</p> <p>24 indicated in here.</p>	<p>1 ends in 151, again, from the invite list, I see Dan</p> <p>2 Coughlin on there. Is he the only person on that</p> <p>3 list not in the IT department?</p> <p>4 A. And Sharon.</p> <p>5 Q. Okay. And Sharon was the secretary that</p> <p>6 worked in the IT department?</p> <p>7 A. Yes.</p> <p>8 Q. Anybody from the legal department?</p> <p>9 A. No.</p> <p>10 Q. In doing -- performing your job with --</p> <p>11 within supply chain and logistics, do you ever have</p> <p>12 to liaison with the legal department about any</p> <p>13 issues?</p> <p>14 A. No. I do not.</p> <p>15 Q. If you look on this page under "Summary</p> <p>16 of discussion, General," Item B, it says, "DEA is</p> <p>17 interested in procedures, reports and practices</p> <p>18 which document what controls are in place."</p> <p>19 Do you see that?</p> <p>20 A. Yes, I see that.</p> <p>21 Q. What did that mean to you?</p> <p>22 A. I'm not really sure.</p> <p>23 Q. Do you recall being asked to gather any</p> <p>24 types of policy or procedure or practice type</p>
<p style="text-align: right;">Page 291</p> <p>1 A. There looks like there was some requests</p> <p>2 in here for IT to look at.</p> <p>3 Q. What types of issues?</p> <p>4 A. One would be looks like the pink label</p> <p>5 for PSE on the first page. There were some inbound</p> <p>6 changes to an audit report that was listed down</p> <p>7 there. That would have been an IT change. And I</p> <p>8 think they repeat some of these in here. Pink</p> <p>9 label again.</p> <p>10 So, yes, those would have been requests</p> <p>11 that we would have received from our business to --</p> <p>12 to change our programs for.</p> <p>13 Q. Okay. So, would it be fair to say this</p> <p>14 kind of follows the model that you have been</p> <p>15 telling us throughout the day, that you get a</p> <p>16 request from business to implement a solution to a</p> <p>17 problem that they've identified?</p> <p>18 A. Yes.</p> <p>19 Q. Okay. Were you ever asked to -- to look</p> <p>20 at rules, regulations, statutes, DEA guidance</p> <p>21 materials and try to come up with or implement your</p> <p>22 own solutions?</p> <p>23 A. No.</p> <p>24 Q. If you'd turn to the second page, which</p>	<p style="text-align: right;">Page 293</p> <p>1 information and get that to the DEA?</p> <p>2 A. No, I do not. That wouldn't fall under</p> <p>3 my work description.</p> <p>4 MR. LEVINE: Good time for a break?</p> <p>5 MR. GADDY: Yeah, yeah. Sure.</p> <p>6 THE VIDEOGRAPHER: We are going off the record</p> <p>7 at 3:06.</p> <p>8 (WHEREUPON, a recess was had</p> <p>9 from 3:06 to 3:21 p.m.)</p> <p>10 THE VIDEOGRAPHER: We're back on the record at</p> <p>11 3:21.</p> <p>12 BY MR. GADDY:</p> <p>13 Q. Mr. Peterson, I'm going to show you what</p> <p>14 I've marked as Peterson 37, P-WAG-2042.</p> <p>15 (WHEREUPON, a certain document was</p> <p>16 marked as Walgreens-Peterson</p> <p>17 Exhibit No. 37: 2/5/13 e-mail with</p> <p>18 attachments; WAGMDL00451632 -</p> <p>19 00451636.)</p> <p>20 BY MR. GADDY:</p> <p>21 Q. And you will see this is an e-mail, but</p> <p>22 then what I'm really going to ask you about are</p> <p>23 some attachments, which are some more of these DEA</p> <p>24 quarterly meeting minutes.</p>

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<p>1 Do you see that if you flip the page?</p> <p>2 A. Yes.</p> <p>3 Q. Okay. Let's just start on the second</p> <p>4 page. And if you look at the top, it says,</p> <p>5 "Meeting Agenda & Minutes, "Quarterly DEA Meeting</p> <p>6 Minutes - November 15," and the date of the meeting</p> <p>7 says 11/15/2012.</p> <p>8 Do you see that?</p> <p>9 A. Yes, I do.</p> <p>10 Q. So, I think the first one we looked at</p> <p>11 before the break was back in 2008 and this one</p> <p>12 looks like it's in 2012. Do you see that?</p> <p>13 A. Yes.</p> <p>14 Q. Okay. And if we look at the invitees,</p> <p>15 it looks like you are included on this list about</p> <p>16 two-thirds of the way down; and there's a plus sign</p> <p>17 next to your name, which I'm going to assume means</p> <p>18 that you were able to attend this particular</p> <p>19 meeting.</p> <p>20 Do you see that?</p> <p>21 A. Yes, I do see that.</p> <p>22 Q. Okay. First let's look at the purpose</p> <p>23 of the meeting. It says, "Review" -- this is above</p> <p>24 where the list is. It says, "Review and discuss</p>	<p>1 A. Yes.</p> <p>2 Q. I don't know if he was on the last one.</p> <p>3 Who is Shaun Anbil?</p> <p>4 A. She's the secretary I believe.</p> <p>5 Q. Gotcha. Okay.</p> <p>6 A. At some point and it looks like around</p> <p>11 the 12th.</p> <p>12 Q. Okay. That makes sense.</p> <p>13 A. I know both of the ladies. Sorry.</p> <p>14 Q. No problem. So, Sharon was the</p> <p>15 secretary for within the IT department in 2008?</p> <p>16 A. Yes.</p> <p>17 Q. But it looks like here in 2012</p> <p>18 Shaun Anbil is filling her role?</p> <p>19 A. Yes.</p> <p>20 Q. Okay. I also see Dan Coughlin on this</p> <p>21 list, and I think he was the person that you told</p> <p>22 us before was from the business side, correct?</p> <p>23 A. Yes.</p> <p>24 Q. Anybody else on this list that's not</p>
<p style="text-align: center;">Page 295</p> <p>1 any changes in our programs/procedures for handling</p> <p>2 C-II through C-V controlled items and related</p> <p>3 documents."</p> <p>4 Do you see that?</p> <p>5 A. Yes, I do.</p> <p>6 Q. Do you remember this particular meeting?</p> <p>7 A. No, not this particular meeting, no.</p> <p>8 Q. Do you remember being involved in</p> <p>9 quarterly DEA meetings where you would discuss</p> <p>10 changes in programs or procedures for handling</p> <p>11 controlled substances?</p> <p>12 A. I remember being in quarterly meetings</p> <p>13 to discuss system changes for us.</p> <p>14 Q. And, again, would it be similar to some</p> <p>15 of the stuff we saw on the last document from 2008</p> <p>16 where there are specific nuanced IT-related issues</p> <p>17 that you were asked to look into?</p> <p>18 A. Pretty -- yes.</p> <p>19 Q. As you look at this list of attendees,</p> <p>20 do you recognize anybody on the list who was not</p> <p>21 from IT?</p> <p>22 A. Again, Shaun, as I stated in the last</p> <p>23 one, Anbil. Anbil. Sorry.</p> <p>24 Q. Oh. Shaun Anbil?</p>	<p style="text-align: center;">Page 297</p> <p>1 from IT?</p> <p>2 A. I'm not sure who Megan Eicker is.</p> <p>3 Q. Okay. Anybody else that you don't know</p> <p>4 of, know about?</p> <p>5 A. No. I know all the other names.</p> <p>6 Q. Okay. If you look down at the bottom of</p> <p>7 the page in the "Meeting Notes," it says, "Kathy</p> <p>8 Emery updated the document with Maspeth's</p> <p>9 information," and Shaun sent the names to the</p> <p>10 meeting participants.</p> <p>11 Do you see that?</p> <p>12 A. Yes.</p> <p>13 Q. The next section I obviously can't ask</p> <p>14 you about.</p> <p>15 Then it looks like there's a section</p> <p>16 related to Shaun reporting on an ARCOS-related</p> <p>17 incident.</p> <p>18 Do you see that?</p> <p>19 A. Yes.</p> <p>20 Q. If you look on the next page, it looks</p> <p>21 like there was a particular action item which I'm</p> <p>22 not able to see that was assigned to loss</p> <p>23 prevention and management.</p> <p>24 Do you see that?</p>

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<p>1 A. Yes.</p> <p>2 Q. Is there anybody that we saw on that</p> <p>3 attendance list, first of all, that was related or</p> <p>4 from the legal department?</p> <p>5 A. No one I know on there, no.</p> <p>6 Q. Was there anybody on there from the loss</p> <p>7 prevention department?</p> <p>8 A. Not that I recognize, no.</p> <p>9 Q. In what capacity would IT interact with</p> <p>10 loss prevention and management?</p> <p>11 A. Unless they had a request for something</p> <p>12 for us to write a program for, that would be our</p> <p>13 only interaction.</p> <p>14 Q. Do you recall ever receiving a request,</p> <p>15 just going back to, say, 2010, from loss prevention</p> <p>16 to implement any programs or provide any solutions</p> <p>17 to any issues that they had?</p> <p>18 A. No, I don't remember any.</p> <p>19 MR. GADDY: Mr. Peterson, thank you. Those</p> <p>20 are all the questions I have for you today.</p> <p>21 THE WITNESS: Thanks.</p> <p>22 MR. LEVINE: I have a few questions.</p> <p>23</p> <p>24</p>	<p>1 Mr. Peterson, how long have you been in</p> <p>2 the IT department at Walgreens?</p> <p>3 A. 38 years.</p> <p>4 Q. And how many of those 38 years have you</p> <p>5 had involvement in drafting or coding computer</p> <p>6 programs?</p> <p>7 A. 35 of those years.</p> <p>8 Q. Is that the last 35 years?</p> <p>9 A. Yes, the last 35 years.</p> <p>10 Q. Have you ever had any responsibility in</p> <p>11 designing Walgreens policies and procedures with</p> <p>12 respect to suspicious order monitoring?</p> <p>13 A. No.</p> <p>14 Q. Have you had any involvement in or is</p> <p>15 the suspicious order monitoring something that was</p> <p>16 outside your job area?</p> <p>17 MR. GADDY: Objection to form.</p> <p>18 BY THE WITNESS:</p> <p>19 A. Yes.</p> <p>20 BY MR. LEVINE:</p> <p>21 Q. Were there others in the IT group at</p> <p>22 Walgreens who dealt with that issue?</p> <p>23 A. Yes.</p> <p>24 Q. And what group would that be in?</p>
<p style="text-align: center;">Page 299</p> <p>1 EXAMINATION</p> <p>2 BY MR. LEVINE:</p> <p>3 Q. Before we begin, just to speed things up</p> <p>4 when we are doing it, I want you to take out the</p> <p>5 following exhibits: One.</p> <p>6 You have to look through your pile here.</p> <p>7 One. That's the real big one.</p> <p>8 A. Okay.</p> <p>9 Q. That one is easy to find.</p> <p>10 A. Yes. I have 1 is right here.</p> <p>11 Q. The next one is Exhibit 4. That's the</p> <p>12 warrant.</p> <p>13 A. I got out of sequence. So, just give me</p> <p>14 a second.</p> <p>15 Q. While you are looking for 4, because it</p> <p>16 might be in the same neighborhood, 6 as well.</p> <p>17 A. Here is 4.</p> <p>18 Q. Also 34 and 35. Those are ones we went</p> <p>19 over just before the break.</p> <p>20 A. This would be in this pile probably.</p> <p>21 You said 34 and 35, right?</p> <p>22 Q. Yes.</p> <p>23 A. Got them.</p> <p>24 Q. All right. That's all.</p>	<p style="text-align: center;">Page 301</p> <p>1 A. Store operations I believe it was.</p> <p>2 Q. Whose group is that?</p> <p>3 A. Steve Bamberg's.</p> <p>4 Q. You testified that you, several times in</p> <p>5 response to questions from Plaintiff's counsel,</p> <p>6 that you came up with solutions when the business</p> <p>7 presented a problem. Do you recall that?</p> <p>8 A. Yes.</p> <p>9 Q. Are all the solutions you're talking</p> <p>10 about that you came up with referring to developing</p> <p>11 or coding computer programs?</p> <p>12 MR. GADDY: Objection to form.</p> <p>13 BY THE WITNESS:</p> <p>14 A. Yes.</p> <p>15 BY MR. LEVINE:</p> <p>16 Q. Let me ask this. What particular area,</p> <p>17 if any, did you develop solutions in when presented</p> <p>18 with a problem by the business?</p> <p>19 A. Can you repeat the question? I'm sorry.</p> <p>20 Q. When the business presented a problem,</p> <p>21 what was your -- what was the area where you came</p> <p>22 up with a solution?</p> <p>23 A. Oh, it would be -- we would write</p> <p>24 computer programs to satisfy their needs.</p>

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<p>1 Q. Were you able -- were you asked by the 2 business to come up with any solutions to problems 3 besides writing computer programs?</p> <p>4 A. No.</p> <p>5 Q. In your -- you said I think you're 6 involved in IT in logistics, is that right?</p> <p>7 A. Yes.</p> <p>8 Q. In your role as a computer programmer in 9 logistics, do you expect to be made aware of issues 10 with respect to the sale of prescription drugs in 11 your job at Walgreens?</p> <p>12 MR. GADDY: Objection to form.</p> <p>13 BY THE WITNESS:</p> <p>14 A. No.</p> <p>15 BY MR. LEVINE:</p> <p>16 Q. In your role as a computer programmer in 17 logistics, do you expect to be made aware of the 18 reasons for DEA investigations?</p> <p>19 MR. GADDY: Objection to form.</p> <p>20 BY THE WITNESS:</p> <p>21 A. No.</p> <p>22 BY MR. LEVINE:</p> <p>23 Q. In your role as a computer programmer in 24 logistics, do you expect to be made aware of DEA</p>	<p>1 seen that document before, Exhibit 4? The warrant.</p> <p>2 MR. GADDY: I think the warrant is No. --</p> <p>3 MR. LEVINE: I'm sorry. You're right.</p> <p>4 Exhibit 5. My mistake.</p> <p>5 BY MR. LEVINE:</p> <p>6 Q. My mistake. Why don't you get out 7 Exhibit 5?</p> <p>8 A. I have to find 5.</p> <p>9 Q. No problem. We can wait.</p> <p>10 A. I took out 4.</p> <p>11 Q. My mistake.</p> <p>12 MR. GADDY: Are you done with 1, Mark?</p> <p>13 BY THE WITNESS:</p> <p>14 A. No, I am not aware of --</p> <p>15 BY MR. LEVINE:</p> <p>16 Q. Let me -- do you have Exhibit 5 in front 17 of you now?</p> <p>18 A. Yes, I do.</p> <p>19 Q. And do you recall being asked questions 20 about language in this Administrative Inspection 21 Warrant?</p> <p>22 A. Yes.</p> <p>23 Q. Have you ever seen this document before?</p> <p>24 A. No, I have not.</p>
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<p>1 findings on a Walgreens distribution center?</p> <p>2 MR. GADDY: Objection to form.</p> <p>3 BY THE WITNESS:</p> <p>4 A. No.</p> <p>5 BY MR. LEVINE:</p> <p>6 Q. In your role as a computer programmer in 7 logistics, do you expect to be made aware of 8 Walgreens policies on diversion of controlled 9 substances?</p> <p>10 MR. GADDY: Objection to form.</p> <p>11 BY THE WITNESS:</p> <p>12 A. No.</p> <p>13 BY MR. LEVINE:</p> <p>14 Q. Now I ask you to take out these 15 exhibits.</p> <p>16 Exhibit 1 is the long document that 17 includes a number of documents relating to the DEA 18 investigation and the proceedings with respect to 19 Jupiter, the Jupiter facility. Do you recall that?</p> <p>20 A. Yes.</p> <p>21 Q. Have you ever seen this document before?</p> <p>22 A. No.</p> <p>23 Q. If you look at Exhibit 4, that's the 24 warrant with respect to Perrysburg. Have you ever</p>	<p>1 Q. I will have you look at Exhibit 6.</p> <p>2 That's a subpoena by the Justice Department Drug 3 Enforcement Administration.</p> <p>4 A. Don't tell me I mixed that up.</p> <p>5 Q. Do you have Exhibit 6 in front of you 6 now?</p> <p>7 A. Yes, I do.</p> <p>8 Q. Is that a subpoena by the Justice 9 Department Drug Enforcement Administration?</p> <p>10 A. Yes, it is.</p> <p>11 Q. And you were asked questions about 12 language in this subpoena by Plaintiffs' counsel, 13 is that right?</p> <p>14 A. Yes.</p> <p>15 Q. Have you ever seen this document before?</p> <p>16 A. No.</p> <p>17 Q. Did you have any involvement in 18 responding to the subpoenas?</p> <p>19 A. No.</p> <p>20 Q. And, by the way, on the warrant we just 21 saw before, Exhibit 5, did you have any involvement 22 responding to the warrant?</p> <p>23 MR. GADDY: Objection; form.</p> <p>24 BY THE WITNESS:</p>

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1 A. No.	1 Q. What was your particular role with
2 BY MR. LEVINE:	2 respect to the moving of inventory?
3 Q. And on the Florida proceedings in	3 A. Would have been just been related to the
4 Jupiter, did you have any involvement in responding	4 computer systems.
5 to those?	5 Q. Did you have any role in the decision on
6 A. No.	6 why to move the inventory?
7 MR. GADDY: Objection to form.	7 A. No.
8 BY MR. LEVINE:	8 Q. There was a reference to moving
9 Q. If you look now at Exhibit 34 of the	9 inventory to Mount Vernon. Did Mount Vernon
10 ones I had you get out.	10 distribute Class III to V controlled substances?
11 A. Yep, right here.	11 A. Yes.
12 Q. Exhibit 34 says it's a "Threshold	12 Q. Are you aware of any DEA charges against
13 Violations-Weekly" report of some sort.	13 Mount Vernon?
14 Do you see that?	14 MR. GADDY: Objection to form.
15 A. Yes, I do.	15 BY THE WITNESS:
16 Q. Have you ever seen this report before	16 A. No.
17 today?	17 BY MR. LEVINE:
18 A. No.	18 Q. And there is -- there is also
19 Q. Did you work on this type of report	19 discussion, there was discussion during your
20 during your time at Walgreens?	20 earlier testimony about Woodland. Was Woodland a
21 A. No.	21 C-II controlled substance distribution facility?
22 Q. Look at Exhibit 35. It's an "Order Item	22 A. Yes.
23 Detail" report of some sort.	23 Q. Were you aware of any DEA charges
24 Do you see that?	24 against Woodland?
Page 307	Page 309
1 A. Yes.	1 MR. GADDY: Objection to form.
2 Q. Did you -- have you ever seen this	2 BY THE WITNESS:
3 document before?	3 A. No.
4 A. No.	4 BY MR. LEVINE:
5 Q. Did you work on this kind of report at	5 Q. Finally, you were asked some questions
6 Walgreens?	6 about the excessive order query. Do you recall
7 A. No, I did not.	7 that?
8 Q. If you'll look at page 571 of	8 A. Yes.
9 Exhibit 35, you were asked questions about this	9 Q. And I think you testified the original
10 page. Do you recall that?	10 reason for the excessive order query was to try to
11 A. Yes, I recall that.	11 catch product that was entered in excess of what
12 Q. And this refers to "Threshold	12 should be a normal value. Is that right?
13 Violations-Monthly," correct?	13 MR. GADDY: Objection to form,
14 A. Yes.	14 mischaracterizes testimony.
15 Q. Have you ever seen this before?	15 BY MR. LEVINE:
16 A. No.	16 Q. What was the original reason for the
17 Q. Do you work on this kind of report at	17 excessive order query?
18 Walgreens?	18 MR. GADDY: Objection to form.
19 A. No, I do not.	19 BY THE WITNESS:
20 Q. You can put that aside.	20 A. It was to review the orders that came in
21 You were asked some questions about	21 from the store for any quantity that seemed high.
22 moving inventory from Jupiter and Perrysburg. Do	22 BY MR. LEVINE:
23 you recall that?	23 Q. And --
24 A. Yes, I do.	24 A. And then to identify those items to the

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<p>1 distribution center.</p> <p>2 Q. And when is it that the excessive order</p> <p>3 query was initially drafted or coded?</p> <p>4 A. It would have been in the early 1900s --</p> <p>5 1991 to 1995, somewhere in that range.</p> <p>6 Q. The early 1990s?</p> <p>7 A. Yes. 1990s. Sorry.</p> <p>8 Q. And at some point was the -- did the</p> <p>9 excessive order query begin being used with respect</p> <p>10 to C-II controlled substances?</p> <p>11 A. Would have been in the early 2000s when</p> <p>12 we opened our first DC.</p> <p>13 Q. Do you know all the purposes that people</p> <p>14 in operations at Walgreens had for using the</p> <p>15 excessive order query?</p> <p>16 MR. GADDY: Objection to form.</p> <p>17 BY THE WITNESS:</p> <p>18 A. No, I do not.</p> <p>19 BY MR. LEVINE:</p> <p>20 Q. If we wanted to find out the role of the</p> <p>21 excessive order query in monitoring suspicious</p> <p>22 orders of controlled substances, if any, are you</p> <p>23 the right person to ask?</p> <p>24 A. No.</p>	<p>1 Q. Okay. You understand that they -- that</p> <p>2 they shut down the Jupiter distribution center and</p> <p>3 that they served a warrant and subpoenas on the</p> <p>4 Perrysburg distribution center, correct?</p> <p>5 A. Based on the information provided, yes.</p> <p>6 Q. Okay. You were also asked whether or</p> <p>7 not you took any action related to the Jupiter</p> <p>8 incident that's documented in Exhibit No. 1. He</p> <p>9 just asked you that and you responded no.</p> <p>10 Do you recall that?</p> <p>11 A. Yes, I do.</p> <p>12 Q. Do you remember that we actually looked</p> <p>13 at some documents this morning where you were asked</p> <p>14 by the business side to make sure that six of the</p> <p>15 Florida pharmacies were unable to order controlled</p> <p>16 substances any longer?</p> <p>17 A. I remember that document.</p> <p>18 Q. So, you were actually asked to take some</p> <p>19 action in regards to the DEA investigation and the</p> <p>20 DEA closure of the Jupiter distribution center,</p> <p>21 correct?</p> <p>22 A. If that's in this document -- in</p> <p>23 Document 1, then yes.</p> <p>24 Q. And I think you've made it very clear</p>
<p>1 Q. Why not?</p> <p>2 A. That's a distribution operations</p> <p>3 decision.</p> <p>4 Q. And what was your involvement?</p> <p>5 A. I was just to create it and get it to</p> <p>6 work, and then I turned it over to the DC</p> <p>7 distribution center and then they ran it.</p> <p>8 Q. So, in terms of how the excessive order</p> <p>9 quantity query was used after you did the coding of</p> <p>10 it, that's something you'd want to ask others?</p> <p>11 A. Yes.</p> <p>12 MR. LEVINE: Nothing further.</p> <p>13 MR. GADDY: Just a couple of quick follow-ups,</p> <p>14 Mr. Peterson.</p> <p>15 FURTHER EXAMINATION</p> <p>16 BY MR. GADDY:</p> <p>17 Q. There were three -- Walgreens had three</p> <p>18 distribution facilities that distributed</p> <p>19 Schedule II drugs, correct?</p> <p>20 A. Yes.</p> <p>21 Q. And as far as you know, the DEA only</p> <p>22 investigated and made allegations of two of those</p> <p>23 three, correct?</p> <p>24 A. From today, yes.</p>	<p>1 today that the actions that you take were pretty</p> <p>2 much always directed by the business side of</p> <p>3 Walgreens. Is that fair?</p> <p>4 A. That is correct.</p> <p>5 Q. That business side of Walgreens brings</p> <p>6 something to your attention and you respond and try</p> <p>7 to provide a solution to whatever issue it is that</p> <p>8 they raise. Is that correct?</p> <p>9 A. Yes.</p> <p>10 Q. Did anybody from the business side ever</p> <p>11 tell you about the information that you have in</p> <p>12 front of you in Exhibit No. 1 that's related to the</p> <p>13 DEA serving an Order to Show Cause and putting a</p> <p>14 lock on the controlled substance vault at the</p> <p>15 Jupiter distribution center?</p> <p>16 A. No.</p> <p>17 Q. Did anybody from Walgreens ever ask you</p> <p>18 to look into the fact and potentially develop a fix</p> <p>19 for the solution that was causing oxycodone to be</p> <p>20 shipped to Florida in such a volume that Walgreens</p> <p>21 was the largest distributor of oxycodone to the</p> <p>22 entire state?</p> <p>23 MR. LEVINE: Objection to form.</p> <p>24 BY THE WITNESS:</p>

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<p>1 A. No.</p> <p>2 BY MR. GADDY:</p> <p>3 Q. Did anybody from the business side ever</p> <p>4 come and tell you that Walgreens was shipping more</p> <p>5 oxycodone to Florida than any other distributor in</p> <p>6 the country?</p> <p>7 MR. LEVINE: Objection to form.</p> <p>8 BY THE WITNESS:</p> <p>9 A. No.</p> <p>10 BY MR. GADDY:</p> <p>11 Q. Did anybody ever come -- strike that.</p> <p>12 We know from the e-mail that we saw</p> <p>13 earlier today that after the DEA shut down Jupiter,</p> <p>14 somebody sent you a list of six stores and said,</p> <p>15 "Doug, we need to make sure no more C-IIs go to</p> <p>16 these stores." Do you recall that?</p> <p>17 A. Yes.</p> <p>18 Q. Okay. And you recall that this morning</p> <p>19 we went through some of those stores and we saw</p> <p>20 that over a period of from 2009 to 2011, some of</p> <p>21 those stores had increases in product of 16- and</p> <p>22 even 20-fold. Do you recall that?</p> <p>23 A. I recall the document.</p> <p>24 Q. Okay. You recall that the product that</p>	<p>1 anything. Just asked if we can stop these stores</p> <p>2 from receiving product.</p> <p>3 Q. And that was after the DEA had yanked</p> <p>4 their registration, right?</p> <p>5 A. I'm not 100% sure, no.</p> <p>6 Q. That's what the e-mail said, right, is</p> <p>7 "The DEA is taking their registration, so, Doug, we</p> <p>8 need to make sure that these stores don't get any</p> <p>9 more C-II products"?</p> <p>10 MR. LEVINE: Objection to form.</p> <p>11 BY THE WITNESS:</p> <p>12 A. I don't remember the e-mail. I guess --</p> <p>13 I'm not sure.</p> <p>14 BY MR. GADDY:</p> <p>15 Q. That's fair. And, finally, you were</p> <p>16 asked some questions just now about the excessive</p> <p>17 order query and you created that query back in the</p> <p>18 early 1990s, correct?</p> <p>19 A. Myself and team members did, yes.</p> <p>20 Q. Okay. And the purpose of that query was</p> <p>21 to make sure that orders that were entered by</p> <p>22 mistake weren't actually filled by the distribution</p> <p>23 center, right?</p> <p>24 A. That is true, yes.</p>
<p style="text-align: center;">Page 315</p> <p>1 was increasing in distribution to these stores by</p> <p>2 16- or 20-fold was oxycodone dosages, correct?</p> <p>3 MR. LEVINE: Objection to form.</p> <p>4 BY THE WITNESS:</p> <p>5 A. I'm not 100% sure.</p> <p>6 BY MR. GADDY:</p> <p>7 Q. Do you remember the document we looked</p> <p>8 at this morning was talking about oxycodone going</p> <p>9 to Florida?</p> <p>10 MR. LEVINE: Objection to form, foundation.</p> <p>11 BY THE WITNESS:</p> <p>12 A. Yes, I do remember it, yes, somewhat.</p> <p>13 BY MR. GADDY:</p> <p>14 Q. At any point in time did anybody from</p> <p>15 the business side of Walgreens come to you and say,</p> <p>16 "Doug we have pharmacies that are getting orders in</p> <p>17 excess of or orders that are increasing 16 or 20</p> <p>18 times over a two-year period and we need to -- need</p> <p>19 you to look into writing some code or developing</p> <p>20 some type of program that can look into see whether</p> <p>21 or not that should be happening"?</p> <p>22 Did anybody from the business side ever</p> <p>23 come and ask you to do that?</p> <p>24 A. No one from the business side told me</p>	<p style="text-align: center;">Page 317</p> <p>1 Q. The purpose of that was to make sure</p> <p>2 that the distribution wouldn't -- distribution</p> <p>3 center wouldn't fill an order that hadn't been</p> <p>4 intended to be placed and therefore there would</p> <p>5 have to be the arduous process of getting the order</p> <p>6 back from the store, correct?</p> <p>7 A. Yeah, the return process, yes.</p> <p>8 Q. Okay. And the code that was written for</p> <p>9 that allowed for a single quantity to be entered</p> <p>10 and any product that was ordered in excess of that</p> <p>11 quantity would populate on the report, is that</p> <p>12 correct?</p> <p>13 A. Yes.</p> <p>14 Q. And it was not a -- the amount that was</p> <p>15 entered wasn't differentiated by product, correct?</p> <p>16 So, the number that would be entered would be the</p> <p>17 same whether we're talking about cold medication,</p> <p>18 whether we're talking about toilet paper or whether</p> <p>19 we're talking about OxyContin, is that correct?</p> <p>20 A. That is correct.</p> <p>21 Q. And in no way, shape or form was that</p> <p>22 program written to allow Walgreens to comply with</p> <p>23 its obligations under the Controlled Substance Act?</p> <p>24 A. I did not write it for that purpose, no.</p>

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<p>1 MR. GADDY: That's all I have, Mr. Peterson.</p> <p>2 Thank you.</p> <p>3 MR. LEVINE: Some follow-up.</p> <p>4 FURTHER EXAMINATION</p> <p>5 BY MR. LEVINE:</p> <p>6 Q. First of all, you were just asked by</p> <p>7 Plaintiffs' counsel about actions directed by the</p> <p>8 business.</p> <p>9 Did you do anything beyond creating</p> <p>10 computer programs in response to what the business</p> <p>11 requested?</p> <p>12 MR. GADDY: Objection to form.</p> <p>13 BY THE WITNESS:</p> <p>14 A. No. No.</p> <p>15 BY MR. LEVINE:</p> <p>16 Q. Were you the only person at Walgreens in</p> <p>17 IT who created computer programs?</p> <p>18 A. No.</p> <p>19 Q. Were there other groups within the IT</p> <p>20 department that handled computer programs for</p> <p>21 quantities that were sent to stores?</p> <p>22 A. Yes.</p> <p>23 Q. And did that include the group by -- is</p> <p>24 it Bamberg?</p>	<p>1 excessive order query used in Class II distribution</p> <p>2 facilities?</p> <p>3 MR. GADDY: Objection to form, foundation.</p> <p>4 BY MR. LEVINE:</p> <p>5 Q. Let me ask this: At the time that you</p> <p>6 and your teammates drafted the excessive order</p> <p>7 query in the early to mid-1990s, was Walgreens</p> <p>8 distributing Class II controlled substances?</p> <p>9 A. No.</p> <p>10 Q. When did Walgreens begin distributing</p> <p>11 Class II controlled substances, approximately?</p> <p>12 A. Early 2000s.</p> <p>13 Q. And in the early 2000s, when Walgreens</p> <p>14 began distributing Class II controlled substances,</p> <p>15 did -- were you involved in making sure that the</p> <p>16 excessive quantity query could be used in those</p> <p>17 distribution centers as well?</p> <p>18 MR. GADDY: Objection to form.</p> <p>19 BY THE WITNESS:</p> <p>20 A. Yes.</p> <p>21 BY MR. LEVINE:</p> <p>22 Q. Do you know whether the distribution</p> <p>23 center operations people used the excessive order</p> <p>24 query for purposes other than just orders sent by</p>
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<p>1 A. Yes. Steve Bamberg.</p> <p>2 Q. And what was his group doing?</p> <p>3 A. He was the store side of ordering.</p> <p>4 Q. And do you know if he did anything with</p> <p>5 respect to suspicious orders or that's just beyond</p> <p>6 your knowledge?</p> <p>7 MR. GADDY: Objection to form.</p> <p>8 BY THE WITNESS:</p> <p>9 A. It's -- I'm not sure, but he would be</p> <p>10 the group that would have done it if it was.</p> <p>11 BY MR. LEVINE:</p> <p>12 Q. Then you were just asked about the</p> <p>13 excessive order query, and I want to make sure we</p> <p>14 have this straight.</p> <p>15 Originally, when it was developed by you</p> <p>16 and your teammates in the 1990s, you said that was</p> <p>17 for orders that were made by mistake, is that</p> <p>18 right?</p> <p>19 A. Yes.</p> <p>20 MR. GADDY: Object to the form.</p> <p>21 BY THE WITNESS:</p> <p>22 A. Yes.</p> <p>23 BY MR. LEVINE:</p> <p>24 Q. Do you know -- and then later on was the</p>	<p>1 mistake with respect to controlled -- Class II</p> <p>2 controlled substances auto?</p> <p>3 MR. GADDY: Objection to form.</p> <p>4 BY THE WITNESS:</p> <p>5 A. I do not know.</p> <p>6 BY MR. LEVINE:</p> <p>7 Q. If you wanted to find that out, how the</p> <p>8 people in operations used the excessive order query</p> <p>9 after the Class II controlled substances began to</p> <p>10 be distributed, is that something that you would be</p> <p>11 the person to ask about that?</p> <p>12 A. No.</p> <p>13 Q. Who would you want to talk to?</p> <p>14 A. You'd have to talk to the DC operations</p> <p>15 team.</p> <p>16 Q. Is that distribution center operations?</p> <p>17 A. Yes, the distribution operations team.</p> <p>18 MR. LEVINE: Nothing further.</p> <p>19 FURTHER EXAMINATION</p> <p>20 BY MR. GADDY:</p> <p>21 Q. Counsel just asked you about in the</p> <p>22 early 2000s -- the question he asked, "In the early</p> <p>23 2000s when Walgreens began distributing Class II</p> <p>24 controlled substances, were you involved in making</p>

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<p>1 sure that the excessive quantity query could be 2 used in those distribution centers?" 3 Did you do something with the program in 4 the early 2000s? 5 A. We changed one field in the query to 6 point to the distribution, so it would look at the 7 distribution number associated to that distribution 8 center. So... 9 Q. So, it had to do with the C-II 10 distribution centers. It didn't have to do with 11 any of the products? 12 A. Nothing to do. Just the numbers for the 13 distribution center. 14 Q. Okay. So, each distribution center has 15 its own DEA registration number or whatnot and you 16 had to input those distribution center numbers so 17 that the program would work with those distribution 18 centers as well? 19 A. No. What we did is each distribution 20 center has a number, 880 something, 14, 15, 100, 21 whatever it was. That number is entered in the 22 query so then when it looks at the files, it's only 23 looking at that distribution data; and we changed 24 that so that it would be pointing at the C-II</p>	<p>1 2 I, CORINNE T. MARUT, C.S.R. No. 84-1968, 3 Registered Professional Reporter and Certified 4 Shorthand Reporter, do hereby certify: 5 That previous to the commencement of the 6 examination of the witness, the witness was duly 7 sworn to testify the whole truth concerning the 8 matters herein; 9 That the foregoing deposition transcript 10 was reported stenographically by me, was thereafter 11 reduced to typewriting under my personal direction 12 and constitutes a true record of the testimony 13 given and the proceedings had; 14 That the said deposition was taken 15 before me at the time and place specified; 16 That the reading and signing by the 17 witness of the deposition transcript was agreed 18 upon as stated herein; 19 That I am not a relative or employee or 20 attorney or counsel, nor a relative or employee of 21 such attorney or counsel for any of the parties 22 hereto, nor interested directly or indirectly in 23 the outcome of this action. 24</p> <p style="text-align: right;">CORINNE T. MARUT, Certified Reporter</p> <p>(The foregoing certification of this transcript does not apply to any reproduction of the same by any means, unless under the direct control and/or supervision of the certifying reporter.)</p>
<p>1 distribution number, and then that was it. 2 Q. Okay. You didn't input any suggested 3 threshold or line limit or quantity or anything of 4 that nature? 5 A. No, I would not have. 6 Q. Other than allowing it to look at the 7 products that the new distribution centers were 8 bringing online, there were no other changes made? 9 A. None. 10 MR. GADDY: Thank you. 11 FURTHER EXAMINATION 12 BY MR. LEVINE: 13 Q. If you wanted to find out about 14 thresholds or quantity limits, is that something to 15 ask the people in operations, the distribution 16 center? 17 A. Yes. 18 MR. LEVINE: Nothing further. 19 MR. GADDY: Thank you. 20 THE VIDEOGRAPHER: We are going off the record 21 at 3:49 p.m. 22 (Time Noted: 3:49 p.m.) 23 FURTHER DEPONENT SAITH NAUGHT. 24</p>	<p>1 2 INSTRUCTIONS TO WITNESS 3 Please read your deposition over 4 carefully and make any necessary corrections. You 5 should state the reason in the appropriate space on 6 the errata sheet for any corrections that are made. 7 After doing so, please sign the errata 8 sheet and date it. 9 You are signing same subject to the 10 changes you have noted on the errata sheet, which 11 will be attached to your deposition. 12 It is imperative that you return the 13 original errata sheet to the deposing attorney 14 within thirty (30) days of receipt of the 15 deposition transcript by you. If you fail to do 16 so, the deposition transcript may be deemed to be 17 accurate and may be used in court. 18 19 20 21 22 23 24</p>

<p>1 - - - - -</p> <p>2 E R R A T A</p> <p>3</p> <p>4 PAGE LINE CHANGE</p> <p>5 _____</p> <p>6 REASON: _____</p> <p>7 _____</p> <p>8 REASON: _____</p> <p>9 _____</p> <p>10 REASON: _____</p> <p>11 _____</p> <p>12 REASON: _____</p> <p>13 _____</p> <p>14 REASON: _____</p> <p>15 _____</p> <p>16 REASON: _____</p> <p>17 _____</p> <p>18 REASON: _____</p> <p>19 _____</p> <p>20 REASON: _____</p> <p>21 _____</p> <p>22 REASON: _____</p> <p>23 _____</p> <p>24 REASON: _____</p>	<p>1 LAWYER'S NOTES</p> <p>2 PAGE LINE</p> <p>3 _____</p> <p>4 _____</p> <p>5 _____</p> <p>6 _____</p> <p>7 _____</p> <p>8 _____</p> <p>9 _____</p> <p>10 _____</p> <p>11 _____</p> <p>12 _____</p> <p>13 _____</p> <p>14 _____</p> <p>15 _____</p> <p>16 _____</p> <p>17 _____</p> <p>18 _____</p> <p>19 _____</p> <p>20 _____</p> <p>21 _____</p> <p>22 _____</p> <p>23 _____</p> <p>24 _____</p>
<p>1</p> <p>2 Page 327</p> <p>3</p> <p>4 ACKNOWLEDGMENT OF DEPONENT</p> <p>5</p> <p>6</p> <p>7</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14 DOUGLAS PETERSON DATE</p> <p>15</p> <p>16</p> <p>17 Subscribed and sworn</p> <p>18 to before me this</p> <p>19 day of _____, 20_____. My commission expires: _____</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p>	<p>1</p> <p>2</p> <p>3</p> <p>4</p> <p>5</p> <p>6</p> <p>7</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p>